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SHANGAHI MUNICIPAL
POLICE FILE (INV. REPORTS)
NUMERICAL BY REPORT
NUMBER

Проект No.

FRU-2

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**REEL
NO.**

23

D-6523

(CONT)

D.6595

RECEIVED
U. S. DEPARTMENT OF JUSTICE
JUN 10 6 59 PM '36
JUN 2 1936

June 2, 1936.

Morning translation.

Society Evening News (社会晚报) dated June 1:-

IRON FOUNDRY WORKERS ON STRIKE

With the object of bringing about a reduction in their working hours, the workers of one hundred local iron foundries went on strike on May 27. Later, instructions were issued by the local Tangpu and other government organs that the present number of working hours will be maintained. The workers are demanding that their wages be not reduced for the period of the strike.

The managements of the various foundries have not issued the wages for last month. With a view to bringing about a settlement of the dispute, the Iron Foundry Owners Association will call a meeting of members at 2 p.m. to-day at its office at No.16 Siking Road.

1595

May 30, 1936.

Labour

Iron Foundry Workers - labour situation

About 200 out of the 2,000 iron foundry workers in Shanghai are still on strike this morning, May 30, although all foundries are operating.

On May 29, the local Kuomintang summoned delegates of the Iron Foundry Owners' Association and the Workers' Union to its Headquarters and investigated the labour dispute.

Industrial concerns reduce working period

During the week ending May 30, the following industrial concerns reduced their working periods :-

<u>Name of concern</u>	<u>No. of hands</u>	<u>Former working period</u>	<u>Present working period</u>
Ewo Cotton Mill, 670 Yangtsepoo Road.	3,000	6 days and 5 nights a week.	5 days and 4 nights a week.
Yangtsepoo Cotton Mill, 1 Wetmore Road.	1,400	-do-	-do-
Yee Tsoong Tobacco Company, Pootung Factory, Loh Ka Zah, Pootung.	4,000	6 days per week.	5 days per week.
Tsang Yuan (振源) Silk Weaving Factory, 19 Tuh Loong Fang (德芳), Brennan Road, O.O.L.	60	6 days and 7 nights per week.	Night work suspended. Workers divided into two shifts, each operating three days a week.

4
May 29, 1936.

Nantao Tramway Company - transient strike of employees

700 mechanics, conductors and drivers of the Nantao Tramway Company declared a strike at 11.30 a.m. May 28 to enforce a demand for permission to hold a general meeting of all workers of the company. The permission to hold this meeting was refused by the local Tangpu. The service was, however, restored two hours later when the employees resumed unconditionally with the exception of thirty mechanics who are still on strike. The service is normal this morning, May 29.

Iron Foundry Workers - labour situation

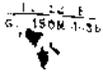
About 200 out of the 2,000 iron foundry workers in Shanghai continue on strike this morning, although all the foundries are operating.

Forty-two iron foundry owners held a meeting in the Preparatory Office of the Iron Foundry Owners' Association, 16 Siking Road, between 4.30 p.m. and 7 p.m. May 28. Van Kuo-an (范國安), owner of the Fah Shing Iron Foundry, Lane 390, 163 Chemulpo Road, who presided, reported that the workers had submitted the following demands :-

- 1) That the Foundry Owners' Association obtain the release of Nyien Tsch-nyi (倪天宜), who was arrested by the Municipal Police on May 26 on charges of assault and malicious damage and was sentenced by the Court on the following day to 50 days' detention.
- 2) That the foundry owners bear the expenses for the maintenance of Nyien's family while he is in custody.
- 3) That pay for the period of the strike be issued to the workers.

After a discussion, the following resolutions were passed:-

1. That the workers' demands be rejected.
2. That should the workers declare a strike, a lookout in all foundries be enforced.



SHANGHAI MUNICIPAL POLICE, D. REGISTER

CRIME DIARY.

SHANGHAI MUNICIPAL POLICE
D. REGISTER
D. 6595
29
"C" Division

CRIME REGISTER No:-- misc.117/36

Kashing Road Police Station.
May 29th, 19 36

Diary Number:--

3

Nature of Offence:--

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

ac (SAC Sub)
Information
29/5

Further re Iron Foundry Workers Strike in the Kashing Road Police District

The Iron Foundry workers employed at the ten Iron Foundries in the Kashing Road Police District who declared a strike between 10.30 a.m. and 11.30 a.m. 26-5-36, resumed work at 7 a.m. 29-5-36.

The Iron Foundry owners and members of the Iron Foundry Workers Union attended a meeting held at the offices of Bureau of Social Affairs on the afternoon of 28-5-36, when it was agreed to allow the workers to return to work pending a settlement between the Foundry owners and Foundry workers through the medium of the Bureau of Social Affairs.

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John McPhee
D. S. I.

D.D.O. "C".

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SHANGHAI MUNICIPAL POLICE REGISTRY

CRIME DIARY.

S. E. D. 6595
date 28 5 36

"C" Division.

CRIME REGISTER No: Misc. 117/36.

Kashing Road Police Station.
May 28th, 19 36

Diary Number:— 2

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

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[Signature]

Further re Iron Foundry Workers Strike in the Kashing Road Police District

Iron Foundry workers employed at the undermentioned ten Iron Foundries in the Kashing Road District visited their respective places of employment at 7 a.m. 28-5-36. with a view to returning to work, but the owners would not allow them to return to work until they had obtained a guarantee from the Workers Union that workers would not strike in the future without justifiable reasons.

- (1) Hing Tsong Hong (何宗洪), 150 Urga Road. 32
- (2) Tien Yui (田逸), 228 Urga Road. 14
- (3) Huh Shing (何生), 67 Urga Road. 4
- (4) Yih Foong (叶丰), 100 Point Road. 16
- (5) Yoong Tai (容泰), 307 E. Yuhang Road. 31
- (6) Yue Dan (叶丹), 224, Tungchow Road. 13
- (7) Dong Shing Ziang (董生祥), 135 Hailar Road. 23
- (8) Yih Yoong (叶勇), 143 Hailar Road. 3
- (9) Dong Shing Tsong (董生松), 163 Hailar Road. 16
- (10) Wong Sung Kyi (王松奇), 226 Singkeipang Road. 4

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[Signature]

No trouble has been experienced in the Kashing Road Police District, with the foundry workers, or expected, but necessary precautions are being taken.

John McPhee
D. S. I.

D.D.O. "C".

May 28, 1956.

-2-

Labour

Mei Wen Silk Weaving Factory - reduces working period

The Mei Wen Silk Weaving Factory, Lane 645, No.15 Chang Ping Road, reduced the daily working period by three and a half hours on May 27. The company employs 300 workers.

Jen Ho Cigar Factory - resumes operations

The Jen Ho Cigar Factory, 55 Penang Road, which suspended operations on May 14 (Vide I.R.16/5/36), resumed on May 27. The company employs a total complement of 80 workers.

Chong Ming Electric Appliance Factory - removed

The Chong Ming (昌 明) Electric Appliance Factory, which has in its employ 120 workers, has removed from Lane 611, No.10 Chengtu Road to 170 Mapai Road.

Iron Foundry Workers - majority resume work

The majority of iron foundry workers, who ceased work on May 26 (Vide I.R.27/5/36) resumed this morning, pending a settlement of the dispute by the local Kuomintang and the Iron Foundry Workers' Union.

On the morning of May 27, four representatives of the Iron Foundry Workers' Union called at the Bureau of Social Affairs and the local Kuomintang and submitted the following demands :-

- 1) That the daily working period be fixed at 9 hours.
- 2) That Nyien Loh-nyi (倪 祿 年), arrested by the S.M.P. on charges of assault and malicious damage, be released immediately.
- 3) That pay for the period of the strike be granted to the workers.

Date _____

May 28, 1936.

- 5 -

At 3 p.m. the same day, four members of the Iron Foundry Workers' Union at a meeting held in their office, 20 Loh Ka Zah, South Station Road, Nantao, decided to comply with an instruction of the local Kuomintang and resume work pending a settlement of the dispute.

This morning, the Union issued copies of a notice to workers in various iron foundries. A full translation of the notice is as follows :-

Notification of the Shanghai Municipality Iron Foundry Workers' Union

Notice is hereby given that in connection with the strike of workers following the arrest by the S.M.P. of Nyien Loh-nyi, a worker of the Zung Kee Iron Foundry, at the instance of the management, the local Kuomintang has detailed a representative named Li Vee-haiung (李維鴻) to mediate in the dispute, and he has instructed that the workers should resume pending a settlement. It is to be noted that this Union is under the directorship of the Chinese Kuomintang and therefore is bound to obey its instructions and wait patiently for a settlement. The workers in the iron foundry trade are hereby notified to obey the Tangpu instruction and resume work from date.

(chopped by the Union).

Sequel to the ejection of a tenant from the Dong Shing Cotton Mill quarters on May 19

The case against the male Chinese who was charged with assaulting a Japanese subject during the ejection of a tenant from the Dong Shing Cotton Mill quarters, Macao Road, on May 19 (Vide I.R. 20/5/36) was withdrawn by the complainant at the Shanghai Special District Court on May 27.

SINGAPORE SETTLEMENT POLICE
S. A. ROBERTS
No. D 177
Date May 27 1936

May 27, 1936.

On the evening of May 26, two copies of a communist newsheet entitled Tseng Wan Pao (The Truth) and an anti-Japanese handbill referring to the anniversary of May 30 Incident were found on Pingliang Road near Ningwu Road.

Labour

Ewo Silk Filature - resumes operations

The Ewo Silk Filature (瑞和), 1037 Chengtu Road, which suspended operations on May 18 (Vide I.R. 19/5/36), resumed on May 27. This concern employs about 1000 workers.

Iron Foundries - strike of workers

About noon May 26 the workers of the majority of iron foundries in Shanghai declared a strike ostensibly to support a demand for the release of one of their colleagues named Nyien Loh Nyi (倪瑞年), an employee of the Zung Kyi Iron Works, 550 Chusan Road, who was arrested by the Settlement Police at 10.30 a.m. the same day on charges of assault and malicious damage. It is learned that the actual reason for the strike is a demand of the workers for a reduction in working hours.

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At 1.20 p.m. May 26, about 500 workers from foundries in the Northern District visited factories in the Eastern District in an effort to persuade all iron workers to join the strike. Upon arrival at the Nyi Shing Taung Iron Works, 444/21 Wayside Road, the workers were dispersed by Police from Yulin Road Station.

May 27, 1936.

-3-

On the morning of May 27, copies of a notice chopped by the Iron Foundry Workers' Union were posted at the entrances of Iron foundries in Shanghai. A full translation of this notice reads as follows :-

"Notification of the Shanghai Municipality Iron Foundry Workers' Union"

E 575
"Urgent notice is hereby issued that at 10 a.m. May 26, Nyien Lch-nyi (倪力尼), a worker of the Zung Kee (中吉) Iron Foundry, 551 Chusan Road, was arrested by the Police at the instance of the management. This act has aroused the indignation of the public and resulted in a strike. These facts have been reported to this Union by a number of workers. This Union has requested the local Kuomintang and the Bureau of Social Affairs to detail officials to investigate the matter and carry out necessary negotiations. All workers are hereby instructed to observe order, wait patiently for a settlement and to guard against the activities of reactionary elements.

May 27, 1936."

There are 197 iron foundries in Shanghai, employing a complement of 2,000 hands. The majority of these concerns are affected.

The strike situation this morning, May 27, remains unchanged.

Miscellaneous

Rent Reduction Movement

Ten committee members of the Federation of Rent Reduction Movement Committees of Various Di stricts of Shanghai held a meeting in their office at 174 Sharhalkwan Road at 4 p.m. May 26 and passed the following resolutions :-

- D 3482
- 1) That the Chinese Ratepayers' Association of the International Settlement be requested to urge the S.M.C. to re-assess the value of land.
 - 2) That the Executive Yuan be requested to order the formation of rent arbitration committees.
 - 3) That Chen Ki-pou (陳其波) and Sung Sing-fu (沈心格) be appointed to submit a petition to the Government requesting the promulgation of regulations governing rent arbitration committees.

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

REGISTRATION NO. 6596
S. B. D. 27 5 36
"C"

CRIME REGISTER No:- misc. 117/36

Kashing Road Police Station.

26/5/36

Diary Number:-

Nature of Offence:-

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

Iron Foundry Workers in ten Iron Foundries situated in the Kashing Road Police District cease work between 10.30 a.m. and 11.30 a.m. 26/5/36

Sir,

As a result of a Foundry Worker named Nyl Loh Nyl (倪樂年) being arrested by Detectives attached to Yulin Road Station on the morning of 26/5/36 on the authority of a S.B.D. Court Circular Order of Arrest No. 1380 dated 28/4/36 on charges of Assault and Malicious Damage (please see P.I.R's 349/36 and 352/36 Yulin Road).

Iron Foundry workers in ten foundries in the Kashing Road Police District ceased work between 10.30 a.m. and 11.30 a.m. 26/5/36, and proceeded to Wayside Police District where they intended to hold a meeting, and later proceed to Yulin Road Police Station and demand the release of the arrested man Nyl Loh Nyl.

The undermentioned foundries ceased work.

Name of Iron Foundry	No. of workers
(1) Hong Shing Tsong, (洪興昌) 150 Urga Road.	32.
(2) Tien Yui (天運), 228 Urga Road.	14
(3) Huh Shing (合興), 67 Urga Road.	4
(4) Yih Poong (協豐), 100 Point Road.	16
(5) Yoong Tai (榮泰), 307 E. Yuhang Road.	31
(6) Yue Dah (裕大), 224 Tungchow Road.	13
(7) Dong Shing Ziang (同興祥), 135 Hailer Road.	23

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SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No: _____

"C" Division.

Police Station.

19

Diary Number:--

Nature of Offence:--

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

- (8) Yih Yoong (叶 勇), 143 Hailar Road. 26
- (9) Dong Shing Tsong (董 兴 宗), 163 Hailar Road. 16.
- (10) Dong Sung Kyi (董 生 记), 225 Singkeipang Road. 4.

No trouble has been experienced in the Kashing Road Police District, with the Foundry Workers, or expected, but necessary precautions are being taken.

The workers at the above mentioned Iron Foundries failed to return to work at 7 a.m. 27-5-36.

John McPhee
S. S. I.

D.D.O. "C".

F.H. 40M 1935

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
Misc. File No. REGISTER
No. B. D. 6595
Yulin Rd. Station
Date May 28th, 1936

REPORT

Subject Present situation of Industrial Unrest of Iron Workers in
Yulin Road District.

Made by D.S.I. Cady.

Forwarded by *[Signature]*

Sir,

On the morning of the 26-5-36, several notices (translation attached) chopped by the Shanghai Municipality Iron Foundry Workers' Union, were found posted up at the entrances of various iron foundries in the district, urging all the workers to resume work, pending a settlement of the dispute by the local Kuomintang and representatives of the Iron Foundry Workers' Union.

As a result all the strikers reported for work this morning (26-5-36) and conditions in the district are now practically back to normal.

Relative to the arrest of Nyien Loh Nyi (倪洛宜), the accused appeared before the 1st S.S.D. Court on the morning of the 27-5-36, when he was sentenced to 50 Days Imprisonment.

I am, Sir,

Yours Obediently,

[Signature]
D.S.I.

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O. C. Special Branch.

J.R.
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Translation of a Notification printed and chopped by the
Shanghai Municipality Iron Foundry Employees' Union.

With reference to the apprehension of Nyien Loh Nyi
(倪綠年), a worker of the Sung Kee Iron Foundry, effected
by the Police at the instance of the management. This act has
aroused the indignation of the public and has resulted in a
general strike. Mr. Lee Wei Young (李維熊) representing the
Local Kuomintang visited this union and gave verbal advice
to all the workers that they, who are now on strike are required
to resume work immediately in compliance with the desire of the
Local Kuomintang, as Nyien Loh Nyi's case will be put in the
hands of the representative of the Local Kuomintang who will
take the responsibility to carry out the necessary negotiations
for compensation etc.

Notice is hereby given to fellow workers that this union
is under the guidance of the Chinese Kuomintang and should
comply with its orders. In view of the above all fellow
workers are instructed to resume work without delay and wait
patiently for a settlement.

Dated May 28, 1936.

SHANGHAI MUNICIPAL POLICE

Misc. SHANGHAI MUNICIPAL 36.
S. B. REGISTR.

REPORT

Yulin Rd. Station
D. 6895

Date May 27th 1936

Subject Present situation of Industrial Unrest of Iron workers in Yulin Road District.

Made by D. S. I. Gady. Forwarded by [Signature]

Sir,

In connection with the above Misc. File, a telephone message was received at the Station at 9 a.m. on the 27-5-36 from the Yoong Chong (荣昌) Foundry No. 31/883 Point Road, requesting that police assistance be sent as a number of workers were causing trouble on the premises.

D.S.I. Gady, D.S. Moore and C.D.C.s 181, 321 immediately responded and found no trouble at the foundry on their arrival.

On being questioned, Zung Moh Ling (陈景林) manager of the foundry stated that 17 skilled workers had gone on strike since yesterday, out of sympathy for Nyien Loh Nyi, (who was arrested and charged with Assault and further charged with Malicious Damage Vide F.I.R.s 349/36, 352/36 Y.Rd.) in consequence some of the strikers turned up at the foundry this morning shortly before 9 a.m., in an endeavour to incite the remaining 12 apprentices to cease work.

On seeing that their efforts were futile, the strikers thereupon left the premises without causing any disturbance.

As far as it can be ascertained all the workers with the exception of the apprentices are at present on strike from the six undermentioned foundries.

- (1) Kyung Tai Foundry, employing 16 apprentices & 4 workers
1193 Tongshan Road.
- (2) Zai Chong Zieng Foundry, 8 " & 7 "
106/713 Kwemang Rd.
- (3) Yoong Chong Foundry, 12 " & 17 "
31/883 Point Road.
- (4) Bei Chong Foundry, 20 " & 12 "
850 Point Road.

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SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date 19

Subject

Made by Forwarded by

(5) Zieng Shing Fah Foundry employing 12 apprentices & 18 workers
177 Gaining Road.

(6) Nyl Shing Lung Foundry 12 * & 17 *
444/31 Wayside Road.

Total 30 * & 75 *

The necessary precautions has been taken by the Officer/s
in the event of any disturbance that may arise in the district.

I am, Sir,

Yours obediently,

H. G. Chan
D.S.I.

W. H. B.

S. D. i/c

D. D. O. "D"

O. C. Special Branch.

SHANGHAI MUNICIPAL POLICE. Misc. File No. 264/36.

REPORT Wayside Station, Date 27th May, 1936.

Subject Iron Foundaries---Strike of Workers.

Made by D.S.I. Cumming.

Forwarded by

Sir,

About 10 small iron foundaries in this district involving a personnel of about 100 iron workers struck work this morning 27-5-36 in support of a demand for the release of one Nyien Loh Nyi, an employee of the Zung Nyi Iron Works, 581, Chusan Road, who was arrested on 26-5-36 by Yulin Road Station on a charge of assault. Several especially of the large works, are still operating however.

At 9.10 a.m. 27-5-36. S.I.'s Sall and Sung Pao Shau, arrested three male Chinese on E. Yuheng Road, in possession of strike notices chopped by the Foundary Workers Union, which they were posting at various Iron Works in this District. The notice called upon all workers to Stop work pending a Settlement of case involving Nyien Loh Nyi, by the Bureau of Social Affairs. The arrested men gave their names as:-

- (1) Siau Loong Zien (蕭龍泉), age 21, Iron Worker, Zung Shing Iron Foundary, 18 Yochow Road.
- (2) Koo Kung Sung (顧根生), age 20, Iron Worker, above address
- (3) Wong Pah Zien (王白泉), 21, Iron Worker, Fen Lee Iron Works, 1705 Tongshan Road.

They stated that a representative of the Foundary Workers Union, named Zung Zien, called at their respective foundaries at 1 p.m. 26-5-36. He told them all to stop work and to appear at the Union Office, 10 Pei Hong Road (飛馬路), O.O.L. at 7 a.m. 27-5-36, where a meeting would be held. They attended this meeting and after same was over the three men in question were issued with strike notices and instructed to post same in the Eastern District. The Special Branch was informed and the three men afterwards released.

File
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W.H.

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,
Date, 19

Subject.....

Made by..... Forwarded by.....

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At 1.16 p.m. 27-5-36, a telephone message was received at this station from Zee Tau Tsang (徐瑞章) proprietor of the Sung Shing Iron Foundry, Lane 349/20 Gausan Road, reporting that a number of person (about 20) were attempting to intimidate his workers.....A party of police immediately responded but on their arrival the intimidators had left. Police in the District have been warned to keep a sharp look-out and to report any untoward incident.



D. S. I.

Senior Detective i/c.

D.P.O. "D".

SHANGHAI MUNICIPAL POLICE.

Misc. File No. 188/36.

S. B. D. 6595

Yulin Road Station, 36

Date May 26th, 1936.

REPORT

Subject Industrial Unrest at the Hui Shing Tsung Iron Works, 444/21 Wayside Road.

Made by D.E. Glawille.

Forwarded by *[Signature]*

Sir,

At 1.30 p.m. 26-5-36, S.J. Biggs and S.I. Huh were on patrol duty on Wushing Road, when they saw a crowd of about 500 male Chinese proceeding east to west along Wayside Road in the form of a procession.

The leader of the procession was carrying a small piece of white cloth on a piece of stick in the form of a standard.

They were stopped by the above mentioned police officers, who inquired the reason of the procession and were told by the leader, one Tong Sai Yue (童水月) 32, Ningpo, W/coolie, residing on Urga Road and employed by the Hong Shing Tung (頌昌) Iron Works, Urga Road, that one of the workers of the Zung Hui (中匯) Iron Works, 550 Chusan Road, one Hyien Loh Hui (顯老) 27, Wushing, W/coolie, residing in Chapel, had been arrested by detectives from Yulin Road on the morning of the 26-5-36 at No. 550 Chusan Road, his place of employment, for some unknown reason, and that he Tong Sai Yue, being a member of the Iron Workers Union Committee was calling a meeting of all employees of various Iron Works, in an endeavour to think of some method whereby Hyien could be released, and they also were petitioning for all factories in the Eastern District to comply with the Iron Workers Union rule, i.e., that all workers finish work at 5.30 p.m. Apparently several of the Iron Works have ignored this Union ruling and have kept their employees working until 6 p.m.

As the procession refused to disperse, S.I. Biggs and S.I. Huh came to the Station and reported the matter.

A police party under C.I. Walker attended and found that the procession had already reached the Hui Shing Tsung Iron

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SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

.....Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

Works, 44/21 Wayside Road and where the leader of the procession, Tong Sai Yue (童水錄) was found standing on a box inciting the workers of that factory to join the procession and proceeded to the Tung Hui Iron Works, 550 Chusan Road, where a meeting would be held.

The procession was dispersed with very little trouble and the leader, Tong Sai Yue, taken into custody, for inciting people to create a disturbance.

Regarding the arrest of Hyien Loh Hui, he was arrested by C.D.S. 170 at No. 550 Chusan Road/ on Circular Order of Arrest No. 1360, for being concerned in an Assault on the foreman of the Foh Shing (佛生) Iron Works, No. 390/163-5 Chemulpo Road, at 5 p.m. 10-4-36 at that address (See F.I.R. 349/36 Y.R.d Assault). There was a further charge of Malicious Damage made against Hyien, as during the course of the Assault several mouldings were destroyed.

A.C. Robertson of the Special Branch was informed and D.S. McKeown and D.P.S. Larby attended and were placed in possession of the facts of the case.

No charge was preferred against Tong Sai Yue and he was released with a warning not to stir up any further trouble, a statement being first taken from him (attached).

Police have been posted at the Foh Shing Iron Works, 390/163-5 Chemulpo Road and the Hui Hsing Tung Iron Works, 44/21 Wayside Road, to guard against further disturbances.

I am, Sir,

Yours obediently,

Handwritten signature

S.D. 1/e

D.D.O. "D"

O.C. Special Branch.

Handwritten signature
D.S. 12

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

The following is the statement of Tong Sai Yue, 32, M/coolie, residing country house Chi Tuh Li, Unga Road.
 native of Ningpo taken by me C.D.C. 243.
 at Y.R. Station on the 26-5-36. and ~~interviewed~~ ^{translated} by Clerk Kiang Li Chia

In the 21st year of the Republic of China, the Iron Foundry Workers Union was founded at the South Railway Station and the members of the said Union are workers, who afterwards requested the Bureau of Social Affairs to communicate with all the factories that they demanded 9½ hours work every day. The request was later on granted.

Recently workers discovered that three of the factories (i.e. (1) Yih Lee Foundry Tongshan Road (2) Foh Shing Foundry Chemulpo Road & (3) Shanghai Iron Works, Ward - Chemulpo Roads) have been still holding to the former regulation of 10 hours work. For the purpose of reducing work by ½ hour every day, I consulted with several members of our Union named Tsu Lai Fah Tsu Young Sung, Soong Zung Chi & Nyi Loh Nyi to discuss this affair and we have decided to meddle with the three above mentioned factories.

At about 10 a.m. to-day, one of the members of our Union named Nyi Loh Nyi was arrested by the police for Assault. I then told all the workers to go ^{to} the three factories to meddle with them and when we arrived at Nyi Shing Zung Iron Foundry, No. 21 Wayside Road, where we were going to meddle with it, I was arrested by the police.

Finger printed by Tong Sai Yue.

6595
May 6, 1936. 6 5 36

Labour

Foh Shing Iron Foundry - lockout lifted

The lockout, which was declared by the management of the Foh Shing Iron Foundry, Lane 390, No.163-165 Chemulpo Road, when twelve workers refused to operate according to the stipulated daily working period, on April 11, was lifted on May 4 as a result of mediation conducted by the Bureau of Social Affairs. All the workers have now agreed to work in accordance with stipulated working period.

Kiousin Dock - strike situation

The strike in the Kiousin Dock, Chi Chang Ka, Nantao, is still enforced to-day, May 6.

The situation developed unfavourably on May 5, when, at 7 a.m. 150 strikers led by Yao Shih-tsang (姚世章) and Chu Hao-sung (朱浩松) attempted to prevent about 80 new hands from boarding launches at the Lai Nee Doo Wharf, Pootung. Resistance was offered by the strike breakers and a fight ensued, resulting in seven strike breakers being injured, including two foremen Sun Ah-tang (沈阿堂) and Woo Kwei-ling (吳桂林). Fifty nine strikers and two strike breakers were taken into custody by the Pootung Branch of the Bureau of Public Safety.

Incense makers - strike ended

The strike of the 350 workers in the employ of local incense factories, which was declared on April 17 as a protest against a 20% reduction in wages, was brought to

SHANGHAI MUNICIPAL POLICE

Misc. File No. 239/36.

No. S. B. D. 6595

Yulin Rd Station, 36

REPORT

Date APRIL 11th, 1936.

Subject Lock Out at Foh Shing (復光) Iron Foundry, Nos. 163/5, Lane
390 Chemulpo Road.

Made by D.S. Moore

Forwarded by

Sir,

At 10.55 a.m., 11-4-36, a telephone message was received at this Station from the above foundry reporting that a number of workers were threatening to make trouble.

G.D.C. 37 and the undersigned attended and ascertained the following. The workers in question, 12 in number have for some time past agitated for a reduction of working hours to enable them to cease work at 5.30 p.m. instead of the present 6 p.m. The matter has already been discussed by the management, the Iron Workers Union and the Bureau of Social Affairs, but no decision arrived at.

To-day the workers demanded an assurance from the owner one Van Koh Oen (范國恩) that they be allowed to cease operations at 5.30 p.m., but he was not willing to accede to their request until a decision had been given by the authorities at present deliberating the matter.

The workers announced their intention of ceasing work at 5.30 p.m. and were informed by the owner that in view of their attitude he would close the foundry until negotiations regarding working hours were completed.

After the workers had received from the owner \$1.00 each for subsistence they vacated the foundry in a peaceful and orderly manner.

The premises are in the meantime being guarded by Police from this Station.

I am, Sir,

Yours obediently,

D.S. 241

SI
7/10/36
Handed to
FILE
JSL

S. R.
14/4
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S.D. 1/c
D.D.O. "D"
O.C. Special Branch.

14/4/36

F. 22.7
G. 1. 30-1-36

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
REGISTRY
S. B. D.
Division.
Kashing Road Police Station.
26/5/36

CRIME DIARY.

CRIME REGISTER No.: Misc. 115/36

Kashing Road Police Station.
26/5/36

Diary Number:-	1/1	Nature of Offence:-	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

*A.C. Special Branch
Inf.
26/5*

Temporary cessation of work by workers at Hong Nyl Shing Iron Foundry, 150 Urga Road

At 2.25 p.m. 25/5/36, Hong Nyl Shing (項意興) proprietor of the above premises and his manager Vaughan Koh Liang came to this Station and reported trouble among their workmen. They were accompanied by their watchman, C.P.W. 2268, one of their workers Dung Zai Yue (童水裕) 27, Ningpo, No. 3, Jien Teh 41, Urga Road and a representative of the Iron Workers Union, one Nyl Nyoh Nyien (倪樂年) 27, Zaushing, O.O.L.

D.S.I. McPhee, C.D.S. 10 and the undersigned made enquiries and the following information was obtained.

At tiffin-time even date, one of the workers Ts Ah Foh (朱阿福) 27, Shanghai, threatened to assault the cook, alleging that the food which he served to the workers was of a very inferior quality. As this worker was constantly causing trouble, the proprietor decided to dismiss him. When the other workers heard this, they refused to work, and appointed the above mentioned Dung Zai Yue to be their spokesman. This trouble occurred at 12.30 p.m. and no amicable arrangement having been reached by 2 p.m., the persons already mentioned came to the Station.

The proprietor then stated that he wished to dismiss six workers among them being Ts Ah Foh and Dung Zai Yue.

*Noted
Whe 26/5
D.S.I.
26/5*

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:---

Division.

Police Station.

19

Diary Number:— 1/2

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

He stated that the other four were:-

1. Ying Fuh Zien (應德全), 18, Ningpo.
2. Phen Ching Tong (潘金棠), 19, Wenchow.
3. Zung Yoong Ling (陳永林), 34, Ningpo.
4. Woo Tuh Wong (胡德王), 33, Chingkiang.

D.S.I. McPhee and other detectives accompanied the party to the foundry where, after some discussion the proprietor decided not to dismiss any of his workers. However, he fined Ts Ah Foh three days pay. The workers then resumed work and the incident was closed. The proprietor told the six unsatisfactory workers that should they prove diligent until the end of this month, he would consider the matter closed.

In case any trouble should develop, however, one C.P.C. has been posted outside the premises and one C.D.C. has been detailed to remain in the office of the foundry. Should the situation remain normal until tomorrow, these men will be withdrawn.

J. McPhee
Sen. Det. 1/c.
D.D.O. "C" Div.

D. S.
D. S.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

D. 317
3 36
"C" Division.

CRIME REGISTER No:— Misc. 46/36

Kashing Road Police Station.
26/3/36 19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

Further re temporary cessation of work by workers at the Hong Nyl Shing Foundry, 150 Urga Road.

On the morning of 26/3/36 Hong Shu Zung (洪書忠) visited the Bureau of Social Affairs, City Government of Greater Shanghai, Kiangwan, and after explaining the reason for wanting to dismiss the six workers, he was advised to let them continue working, but was informed that should they attempt to cause any trouble amongst the other workers at any future date to dismiss them immediately.

On the afternoon of 26/3/36 Mr. Vaughan Koh Liang Manager of the Hong Nyl Shing Iron Foundry, 150 Urga Road visited this Station, and stated that the management were agreeable to allow (1) Dung Zai Yue (鄧瑞裕), (2) Woo Tuh Wong (胡德王), (3) Ts Ah Au (朱阿福), (4) Zung Ah Po (鍾阿岳), (5) Zung Yoong Ling (鍾永林) and (6) Ching Sing Kwei (金連奎) continuing working at the Foundry, but should they attempted to cause any unrest amongst the other workers they would be dismissed.

At 7 a.m. 27/3/36 the 19 workers all returned to work.

No trouble has been experienced at the Foundry, or expected, as all the workers appear to be satisfied.

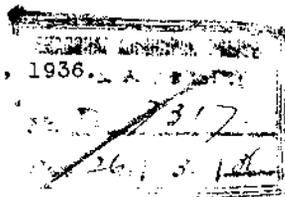
D.D.O. "C" Div.

John McPhee
D. S. I.

Noted
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27/3/36
DRB
27/3/36
FILE
32
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March 26, 1936.

- 3 -
Labour



Yoong Dah Rubber Factory - closes down

The Yoong Dah Rubber Factory, 61 Linching Road, closed down on March 24 owing to business depression. This concern employed 195 hands.

Hong Nyi Shing Iron Foundry - labour dispute settled

Seventeen of the nineteen workers of the Hong Nyi Shing Iron Foundry, 150 Urga Road, who had been locked out of the foundry since March 20 owing to their agitating against an increase in the daily working period (Vide I.R. 21/3/36), were allowed to resume work on March 25 when they agreed to work an extra half hour per day.

Miscellaneous

Shanghai Municipality Chinese Medicine Hong Owners' Association to hold exhibition

Arrangements are being made by the Shanghai Municipality Chinese Medicine Hong Owners' Association, 329 Zao Ke Road, Nantao, to hold an exhibition of Chinese medicines in the premises of the Chinese Medical Practitioners' Association, 570 Range Road. The exhibition will open on April 1 and is expected to last for ten days.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

7317
26 36

CRIME REGISTER No:— Misc.46/36.

"C" Division.
Kashing Road Police Station.
25/3/36

Diary Number:— 8

Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

Further re temporary cessation of work by workers at the Hong Nyi Shing Iron Foundry, 150 Urga Road

The adjourned meeting at the offices of the Bureau of Social Affairs, City Government of Greater Shanghai, Kiangwan, resumed at 9 a.m. 25/3/36, with a view to settle the lock-out at the Hong Nyi Shing Iron Works, 150 Urga Road.

* See D. 659 -

Dung Zai Yue (鄧瑞裕), Woo Tuh Wong (胡德王) Ts Ah Foh (朱阿福) and a member of the Shanghai Iron Foundry Workers Union represented the workers.

Hong Shu Zung (項書昌) represented the owner of the Hong Nyi Shing Iron Foundry, 150 Urga Road.

The workers representatives stated that the workers were agreeable to return to work immediately, and to work until 6 p.m. daily.

I. R. 26/3/36
JBR.
26/3/36
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7/2

The owners representative stated that 13 of the 19 workers could return to work immediately, but the remaining six named (1) Dung Zai Yue (鄧瑞裕), (2) Woo Tuh Wong (胡德王), (3) Ts Ah Au (朱阿福), (4) Zung Ah Foh (陳阿岳), (5) Zung Yoong Ling (陳永林) and (6) Ching Sing Kwei (金連奎) had to be dismissed.

The owners representative was advised to allow the 19 workers to return to work before deciding to dismiss the above named six workers.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.

..... Police Station.

..... 19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

The owners representative agreed to allow the 19 workers to return to work.

Hong Shu Zung has been requested to attend the Bureau of Social Affairs at 9 a.m. 26-3-36 and explain why he wishes to dismiss the above named six workers.

At 1.30 p.m. 25-3-36 16 of the 19 workers returned to work, and worked until 6 p.m. 25-3-36.

At 7 a.m. 26-3-36 17 workers returned to work.

No trouble has been experienced, but the necessary precautions are still being taken.

5

John McPhee
D. S. I.

D.D.O. "C". Div.

LR-26 1/2/36

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

"C" Division.

Kashing Rd. Police Station.

March 25, 1936

CRIME REGISTER No:— Misc. 46/36.

Diary Number:— 7

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

Further re temporary cessation of work by workers at the Hong Nyl Shing Iron Foundry, 150 Urga Road.

between 2 p.m. and 5 p.m. 24-3-36 a meeting was held at the offices of the Bureau of Social Affairs, City Government of Greater Shanghai, Kiangwan, with a view to settle the lock-out at the Hong Nyl Shing Iron Works, 150 Urga Road.

Dung Zai Yue (翁德裕), Woo Tuh Wong (吳德仁), Ts Ah Foh and a member of the Shanghai Iron Foundry Workers Union represented the workers.

Hong Shu Zung (洪樹宗) represented the owner of the Hong Nyl Shing Iron Foundry, 150 Urga Road.

The following demands were made by the workers representatives.

- (1) That the workers should finish at 5.30 p.m. daily.
- (2) That each worker be given a five years contract.

The following demands were made by the owners representative.

- (1) That six of the 19 workers namely (1) Dung Zai Yue (翁德裕), (2) Woo Tuh Wong (吳德仁), (3) Ts Ah Au (吳阿福), (4) Zung Ah Foh (洪阿福), (5) Zung Yoong Ling (洪永林) and (6) Ching Sing Kwei (程生輝) be dismissed.

- (2) That the remaining 13 workers work until 6 p.m. daily.

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SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
Police Station.
19

Diary Number:— Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

It was agreed that the demand No. 2 made by the workers be entirely disregarded.

The owners representative was informed that the six workers mentioned in demand No. 1 could be dismissed.

As no agreement could be reached re demand No. 1 made by the workers representatives and demand No. 2 made by the owners representative the meeting was adjourned until 9 a.m. 25-3-36.

It is to be noted that the three workers representatives, are three of the six workers whom the owner wants to dismiss.

The situation at the Hong Nyi Shing Iron Foundry, 150 Urga Road, is still unchanged at 7 a.m. 26-3-36.

No trouble has been experienced, but the necessary precautions are being taken.

John McPhee
D. S. I.

D.D.O. "C".

F. 22F
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SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

SHANGHAI MUNICIPAL

S. P. I.

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Division.

CRIME REGISTER No:— Misc. 46/36.

Kashing Rd. Police Station.

March 24, 19 36

Diary Number:— 6

Nature of Offence:—

Time at which
investigation begun
and concluded each day

Places
visited in
course of
investigation
each day

RECORD OF INVESTIGATION.

Further re temporary cessation of work by workers at
the Hong Nyi Shing Iron Foundry, 150 Urga Road.

At about 1 p.m. 23-3-36 Zung Liang Ping (),
Inspector attached to the Bureau of Social Affairs
visited the above foundry and requested particulars
as to the cause of the lock-out of the 19 foundry
workers.

The particulars of the lock-out were explained to
Mr. Zung Liang Ping by the management.

The situation at the Hong Nyi Shing Iron Foundry
is still unchanged at 7 a.m. 24-3-36.

No trouble has been experienced, but the necessary
precautions are being taken.

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John McPhee
D. S. I.

D.D.O. "C".

*Noted
24/3/36*

cc. S.S.

Information.

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SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

SHANGHAI MUNICIPAL POLICE
S. I. DIVISION
No. 7317
Date 23 3 36

CRIME REGISTER No:— Misc. 46/36.

Division.
KASHING ROAD Police Station.
22/3/36. 19

Diary Number:— 5.

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

Further re temporary cessation of work by workers at the Hong Nyi Shing Iron Foundry, 150 Urga Road.

On the afternoon of the 21/3/36, the undersigned and D.L. Zau Ching Van, visited the above foundry, when it was learned from Mr. Vaughan Koh Liang Manager, that the management had decided to dismiss the six workers named, (1) Dung Zai Yue (董在岳), (2) Woo Tun long (吳頓龍), (3) Ts Ah Foh (朱阿福), (4) Zung Ah Au (鍾阿傲), (5) Zung Yoong Ling (鍾永榮) and (6) Ching Ling Kwei (程靈桂), whom they suspected were responsible for causing unrest amongst the other 13 foundry workers.

It was also learned that if the remaining 13 workers did not agree to work until 6 p.m. daily, that they would also be dismissed.

The situation at the Hong Nyi Shing (鴻義興) Iron Foundry is still unchanged at 7 a.m. 22-3-36.

No trouble has been experienced, but necessary precautions are being taken.

*Noted
23/3/36*

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D. D. S. 10th Div.

John McPhee
D. S. I.

JHR. 23/3/36

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SHANGHAI MUNICIPAL OFFICE
S. B. REGISTER
No. <u>D 7317</u>
Date <u>21</u> / <u>3</u> / <u>36</u>

March 21, 1936.

Hong Nyi Shing Iron Foundry - agitation of workers

Nineteen workers of the Hong Nyi Shing Iron Foundry, 150 Urga Road, commenced to conduct agitation against their employer on March 20 when he announced that the daily working period would be increased by half an hour. This morning, March 1, the manager refused to allow the malcontents to commence operations. The other employees, numbering 22, are working as usual.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— Misc. 46/36 "C" Division.
Kashing Road Police Station.
20/3/36 19

Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

Further re temporary cessation of work by workers at
at Hong Nyl Shing Foundry, 150 Urga Road

Prior to the 20/2/36 the workers at the above foundry were working from 7 a.m. until 12 noon and from 1 p.m. to 8 p.m. or 9 p.m.

The workers considered the above hours too long, as a result one named Dung Zai Yue (董瑞裕) employed at the foundry for about 4 months was appointed to approach the management re the working hours.

As a result of Dung Zai Yue's interview with the management, the workers were given shorter working hours from 20/2/36 i.e. 7 a.m. to 12 noon and from 1 p.m. to 5.30 p.m.

No further trouble was experienced at the above foundry until 16/3/36 when the workers temporary ceased work, on the grounds that they finished work at 5.30 p.m. and did not receive their evening meal until about 6 p.m.

When it was explained to the workers that the management was agreeable to serve food at 5.30 p.m. the workers returned to their work.

The management has offered the workers 5 cents a day increase, if they would work until 6 p.m., but this the workers refused.

A total of 41 persons are employed in the foundry consisting of 19 foundry workers, 14 apprentices and

I.A. 21/3/36
JSP 21/3/36

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— *Division.*
 *Police Station.*
 19

Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

8 coolies.

The 14 apprentices and 8 coolies work from 7 a.m. to 12 noon and from 1 p.m. to 6 p.m. daily.

Detectives have visited the foundry daily since the temporary cessation of work on 16/3/36 and no trouble has been experienced.

On the morning of 19/3/36 it was learned from Mr. Vaughan Koh Liang that during the past 5 months they have engaged the undermentioned six male Chinese at the foundry, and that it is only since they started working at the foundry, that any trouble has been experienced with the workers and that he was of the opinion that they were responsible for causing unrest amongst the other workers.

- (1) Dung Zai Yue (董瑞裕).
- (2) Woo Tuh Wong (胡陸王).
- (3) Ts Ah Foh (朱阿福).
- (4) Zung Ah Au (陳阿岳).
- (5) Zung Yoong Ling (陳永林) and
- (6) Ching Ling Kwei (金連奎).

It was learned from the manager Mr. Vaughan Koh Liang on the morning of 19/3/36, that the management wanted the workers to work until 6 p.m. daily, starting from 20/3/36, and that any worker who refused to do so, would be dismissed.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
.....Police Station.
.....19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

It was also learned from the manager that they intended to post a notice outside the foundry, to this effect at 6.30 a.m. 20/5/36.

At 6.50 a.m. 20/5/36 a notice was posted outside the office of the foundry which reads as follows:—

Notice is hereby given that this foundry according to the decision of the Shanghai Iron and Brass Foundry Works Association 1932, will on and after 20/5/36 start work at 7 a.m. to 12 noon and from 1 p.m. to 6 p.m. when the evening meal will be served.

All workers must obey this regulation faithfully.

The Manager.

Dated 20/5/36.

At about 12.45 p.m. 20/5/36 one of the workers posted a notice above the one posted by the management which reads as follows:—

Notice of the Shanghai Iron Foundry Workers' Union

Workers of various foundries report that the masters have increased the working hours, as a result assistance has been requested from this Union.

The working hours of workers according to the regulations of this Union published during November 1932, were that foundry workers would only work 9 hours per day, but in cases of urgency may work half an hour extra.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:-- Division.
 Police Station.
 19

Diary Number:--		Nature of Offence:--	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

The above regulations were submitted to Bureau of Social Affairs and were registered under the Character 'Tao' No. 33327 and at the same time ordered the Brass and Iron Machine Works Association to circulate this to both the shop-masters and the workers.

Another application was made to the Bureau of Social Affairs by this Union to enforce this regulation in order to notify all concerned.

All workers must obey this regulation and must stop work at 5.30 p.m. as this is the longest working hours.

Committee:- Ts Young Sung.

Dated 18/3/36.

At 4.30 p.m. 20/3/36 a 2nd notice was posted by the management which reads as follows:-

Notice is hereby given that commencing from this date, this foundry will work until 6 p.m. when workers shall receive their evening meal.

Any of our workers wishing to continue his work under the above conditions, please report at the Accountant's Office.

Workers who fail to do so, will be dismissed.

The Manager.

Dated 20/3/36.

At 5.20 p.m. 20/3/36 the 19 foundry workers employed

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
.....Police Station.
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Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

in the Hong Nyi Shing Foundry stopped work and left the foundry without causing any trouble.

None of the 19 workers reported at the Account's Office, as being agreeable to work until 6 p.m. daily.

The 14 apprentices and 8 coolies worked until 6 p.m. as usual.

At 6.15 p.m. 20/3/36, a telephone message was received from F.P.S. 47 Kurlansky to the effect that there was trouble amongst workers at . 163 Hailar Road, requesting assistance.

Inspt. Bennett, D.S.I. McPhee, D.S.4 Elders and D.I. Zau Ching Van proceeded to the above address, and on arrival approximately 50 persons, the majority of whom appeared to be Iron Foundry workers were standing outside the premises.

Four male Chinese who were standing near the door of No.163 Hailar Road were pointed out by F.P.S.Kurlansky, as being more or less ring leaders, and three of the four pointed out, were identified by the undersigned as being workers from the Hong Nyi Shing Foundry, 150 Unga Road who had stopped work at 5.30 p.m. 20/3/36.

The 4 male Chinese gave their names and particulars as follows:-

- (1) Dung Zai Yue (董泽岳) age 32, native of

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:-- Division.
 Police Station.
 19

Diary Number:-- Nature of Offence:--

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

Ningpo, M/Iron Foundry Worker, residing Urga Road.

(2) Woo Tuh Wong (胡德五) age 32, native of Chingkiang, M/Iron Foundry Worker, residing at No.36 Voong Ming Li Yochow Road.

(3) Ying Tuh Chuen (殷得全) age 18, native of Ningpo, S/Iron Foundry Worker, residing at No.151 Urga Road and

(4) Soo Zun; Ghien (蘇順錢) age 38, native of Wusih, M/Iron Foundry Worker, residing at No.10 Sing Yih Li Oong Tsung Village, Chapei.

The 1st and 2nd above described male Chinese are two of the six male Chinese suspected by Mr. Vaughan Koh Liang, Manager of the Hong Nyi Shing Iron Foundry, No.150 Urga Road, as being responsible for causing unrest amongst the workers in the foundry.

From enquiries made at the following facts were ascertained:-

The Dong Shing Chong (同興昌) Iron Foundry is situated at 163 Hailar Road and at about 6.10 p.m. 20/5/36 Woo Tuh Wong (胡德五) employed at 150 Urga Road, and about 20 other male Chinese (suspected Iron Foundry Workers) entered the Dong Shing Chong Iron Foundry, whereupon Woo Tyh Wong (胡德五) asked one of the workers named Mau Yuin Shing (馬雲昇) why he was working after 5.30 p.m.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— Division.
 Police Station.
 19

Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

At this point the owner of the foundry named Song Ts Kwei (桑志桂) arrived on the scene and asked Woo Tuh Wong his reasons for being interested in the time his employees finished work, but he received no answer.

The foundry master then closed a grill gate at the entrance to the foundry, to prevent the persons who had entered the premises from leaving, but on being requested to open the gate by a male Chinese who is known to him by sight only, and employed at 150 Urga Road, he complied with the request, whereupon the intruders rushed outside, and it was at this point that F.P.S.47 Kurlansky i/c. of a walking search party arrived on the scene, and when he observed the situation he immediately telephoned the station for assistance.

(1) Dung Zai Yue (童瑞裕), (2) Woo Tuh Wong, (胡凌王), (3) Ying Tuh Chuen (殷得全) and (4) Soo Zung Chien (蘇順全) together with Song Ts Kwei (桑志桂) and Mau Yui Shing were brought to the station for enquiries.

Although thorough enquiries were made by Inspt. Bennett, D.S.4. Elders, D.I. Zau Ching Van and the undersigned no evidence could be obtained to substantiate a charge of Intimidation or Offences against Public Order against the four above mentioned persons, as a

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—
..... Division.
..... Police Station.
..... 19

Diary Number:— Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

result they were cautioned re causing any further trouble, and released at 7.50 p.m.

Between 6.30 a.m. and 7 a.m. 21-3-36 the 19 Foundry workers at the Hong Nyl Shing Iron Foundry, 150 Urga Road, arrived at the foundry to start work as usual, but the management refused to allow them to enter the premises, unless they were willing to work until 6 p.m. daily.

The above was explained to the workers by the owner Mr. Hong Nyl Shing, who also informed the workers that in the event of them not returning to work under the above conditions they would be dismissed.

The workers informed Mr. Hong Nyl Shing that they would not work until 6 p.m. and immediately left the foundry gate.

No further trouble was experienced.

The fourteen apprentices and eight coolies employed at the Hong Nyl Shing Foundry are working away as usual.

Police are on duty in the vicinity of the Hong Nyl Shing Foundry, 150 Urga Road, and Dong Shing Chong Iron Foundry, 163 Hailar Road.

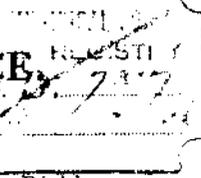
AD

D.D.O. "C".

John McPhee
D. S. I.

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.



CRIME REGISTER No:— Misc.46/36

Division.
Kashing Road Police Station.
15/3/36

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
<p>RECORD OF INVESTIGATION.</p> <p><u>Further temporary cessation of work by workers at the Hong Nyi Shing Foundry, 150 Urga Road.</u></p> <p>At 9.30 a.m. on the 16/3/36, Mr. Vaughan Kch Liang, manager of the Hong Nyi Shing Iron foundry, No.150 Urga Road, came to the station and reported that 21 workers of the above foundry had temporarily ceased work at 7 a.m. 16/3/36 owing to the management and workers being unable to come to an amicable settlement regarding conditions of work and hours worked, and meal times.</p> <p>It was learned, through enquiries by D.S.I. McPhee, D.I.Zau Ching Van, C.P.C.200 and the undersigned that the workers complained of finishing work at 5.30 p.m. every day and not being given food until 6 p.m. The result was, that for the past 10 days, several of the workers, on ceasing work had gone to foodshops and bought food themselves, with consequent loss to themselves, rather than wait until 6 p.m. They demanded that food be served at 5.30 p.m; a raise of 10 per.cent. in wages and that each worker be allowed to sign a contract to work at the foundry for five years.</p> <p>On detectives attendance, three of the workers named Woo Tuh Wong (胡德王), Dung Zai Yue (董瑞裕) and Ts Ah Foh (朱何福) came forward as representing all workers in the foundry.</p>			

Handwritten notes:
17/3/36

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—
 Division.
 Police Station.
 19

Diary Number:— 2

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

(1) It was explained to them that the management was quite agreeable to food being served at 5.30 p.m. vice 6 p.m. as here tofore.

(2) A raise of 5 % in wages was favourably considered by the management if the workers would continue working until 6 p.m. daily.

(3) The management would not entertain the subject that each worker be placed under contract to work for the foundry for five years in view of the unsettled conditions prevailing in the industry generally, as regards trade.

The foregoing three points were clearly outlined to all workers and as a result the following was unanimously agreed upon;

(1) The food be served to the workers on completion of work at 5.30 p.m. daily. The money (totalling about \$19.00) spent by workers during the previous 10 days at food shops would be made good by the management.

(2) The management would pay a 5 % increase in wages if work continued to 6 p.m. daily. If that were so food would then be served at 6 p.m. and not 5.30 p.m. as outlined in No.1. It was left to the workers to decide at which hour they wished to cease work. Providing the foregoing provisions were observed the management would raise no objections whatever.

(3) The demand re each worker being placed on

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— Division.
..... Police Station.
..... 19

Diary Number:— Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

contract for 5 years was to be entirely disregarded.

All returned to work at 10.45 a.m., nothing untoward having transpired prior to or during the discussions.

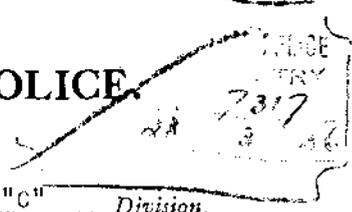
A further report will be submitted re the final agreement as to what hour work shall cease daily. Work was resumed on the understanding it cease at 5.30 p.m. 16/3/36.

J. McPhee
Sen. Det. i/c.
D.D.O."C" Div.

Ch. Fowler
D. S. 329.

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.



CRIME REGISTER No:—Misc. 46/36

"C" Division.
Kashing Road Police Station.
1/3/36

Diary Number:— Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

Temporary cessation of work by workers at the Hong Nyi Shing Foundry, 150 Unga Road

At 9.20 a.m. on the 1/3/36, Mr. Vaughan Koh Liang manager of the Hong Nyi Shing (双弄) Iron Foundry, No. 150 Unga Road came to the station and reported that 21 workers and 14 apprentices had ceased work at about 7.30 a.m. even date as a result of difference with another workers.

Enquiries by D/I Zau Ching Van, C.D.C.144 and the undersigned who attended the foundry.

On the 15/2/36, the workers appointed one named Zien Ang Zien (奚杏泉) 21, Ningpo, who has worked at the foundry for 14 years, to represent them in requesting the manager to reduce the number of hours worked per day. At that time they were commencing work at 7 a.m. until 12 noon and from 1 p.m. to 8 p.m. or 9 p.m. They considered those hours worked too long and requested they commence at 7 a.m. until 12 noon and from 1 p.m. to 5.30 p.m.

It transpired that Zien Ang Zien did not approach the management re the hours worked, but asked for two weeks leave to return to the country. This was granted and he departed.

The other workers learning of his departure

*Recorded not included in 92.
R.P. Bennett
2/3/36
J.H.G.
2 MAR. 1936*

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— Division.
 Police Station.
 19

Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

appointed one other named Dung Zai Yue (童瑞裕) employed at the foundry for four months, to request the management for shorter hours. The result of the talks was that the workers were given shorter hours of work, i.e. 7 a.m. to 12 noon and 1 p.m. to 5.00 p.m. on the 20/2/36 and have been continued.

On the male, Zien Ang Zien returning to work at 7 a.m. 1/3/36 from his two weeks leave, all workers suspected he was in league with the management to continue working long hours. This was not so, but he, having worked for the firm for 14 years did not like to ask for shorter hours and therefore requested leave knowing that some one else would be appointed by the workers prior to his return.

The workers did not wish him to commence work again but the management, not having dismissed him stated that he would commence work. Differences of opinion were voiced which finally resulted in the manager telling all workers to cease work until the difference had been settled. He then came to the station and made his report.

On the whole situation being explained to the workers all were at once agreeable to resume work which they did at 10.30 a.m. The male, Zien Ang Zien also resumed work.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.
 Police Station.
 19

Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

Nothing untoward transpired during the talks and all is now quiet at the foundry.

J. McPhee
 Sen. Det. i/c.
 D.D.O. "C" Div.

Chas. Towler
 D. S. 329.

18

SHANGHAI MUNICIPAL POLICE

February 24, 1936.

- 5 -
Labour

Iron Foundry Owners - Meeting

At 2 p.m. February 23, about eighty Chinese representing the owners of local iron foundries held a meeting in the office of the Shanghai Municipality Brass, Iron and Engineering Trade Association, 221 Ward Road, and discussed the report from the Iron Foundry Workers' Union, stating that certain employers had illegally extended the working period. It was decided to notify all foundry owners that extra pay should be granted to employees working more than ten hours a day and that the minimum rate for each pound of iron cast be increased from \$0.05 to \$0.55.

Foh Sing Cigarette Factory - strike of workers

At 8 a.m. to-day, February 24, five hundred workers of the Foh Sing Cigarette Factory, 521 Macao Road, declared a strike with the object of forcing the management to sign a labour agreement drawn up by the 3rd District Cigarette Workers' Union, Lane 1243, No.152 Gordon Road (Vide I.R. 18/2/36). Of these strikers, eighty are employed in the cigarette making department and 420 in the leaf and cutting department. The remaining employees, numbering 800 are working as usual.

Shanghai Municipality 4th District Native Boat Porters' Union - new body

The casual porters on public jetties along the bank of the Whangpoo River between Soochow Creek and Yangtszepoo point are making preparations to organize a union to be known as the "Shanghai Municipality 4th District Native Boat

February 21, 1936.

Date

6595
2/21/36

- 3 -
Labour

Iron Foundry Workers' Union - opposition to extension of working period by employers of the trade

On February 20, the Shanghai Municipality Iron Foundry Workers' Union, 20 Loh Ka Zah, Station Road, Nantao, issued a notice requesting employers of the trade to observe the working system of ten hours a day as approved by the Bureau of Social Affairs. The Union states that reports have been received from members that employers of certain local iron foundries have extended the working period without paying extra wages, and that it is bringing the matter to the notice of the Authorities.

Dah Tsoong Dye Factory - Strike ended

The fifty-three workers of the Dah Tsoong Dye Factory, Tien Yah Jao Road, Lunghwa, who went on strike on February 19 as a protest against an order of their employer requiring them to provide shop securities as a guarantee of their bona fides (Vide I.R. 20/2/36), resumed operations at 2 p.m. February 20 pending negotiations which will be conducted by the local Tangpu with the management for a settlement of the dispute.

The Hwa Foh Hat Factory, H'ochien Road - Intimidation of Workers

At 7 a.m. February 20, about forty workers of the Hwa Foh (華福) Hat Factory, H'ochien Road, failed to report for work in consequence of intimidation by a number of loafers at the instigation of an ex-forewoman named Chang Lien-sing (張連新). Later in the day the

FM
G. 404-35

SHANGHAI MUNICIPAL POLICE.

Misc. File No. RT/36.

D. D. 6895

Yulin Road Station, 36

REPORT

Date Feb. 19th, 1936.

Subject... Suspected Attempted Intimidation of the employees of the Yih Shing Foundry, 1241 Tongshan Road.

Made by D.S. Glanville.

Forwarded by *[Signature]*

Sir,

I beg to report that at 7.30 p.m. 19-2-36, a telephone message was received from the Yih Shing Foundry, 1241 Tongshan Road, reporting fighting in progress between the workers and some unknown Chinese.

C.D.S. 46, C.D.C. 181 and the undersigned attended but the intruders had gone prior to the arrival of police.

The master of the Yih Shing Foundry, one Tee Yih Hsu (叶益厚) was interviewed and stated that at about 7.00 p.m. 19-2-36 about 100 unknown Chinese entered his foundry yard through the open gate, shutting the gate after them.

The leaders of these men told Tee that they were members of the Iron Workers Union with offices in Nantao near the South Railway Station and demanded that Tee's 27 employees, all non-union men join the Iron Workers Union.

The intruders took up a threatening attitude and stated they would call for an answer between 5 p.m. and 7 p.m. 21-2-36.

Whilst no blows were exchanged between Tee's employees and the intruders, the situation at one time looked serious, so Tee communicated with the Station as aforementioned.

A few minutes prior to the arrival of the Police party, the intruders left the premises, giving Compl't a final warning to persuade his employees to join the Iron Workers Union.

Police protection will be given Tee, in case the men do carry out their threat to return on the evening of 21-2-36, as Tee alleges that none of his employees have any desire to join any union, and this would probably cause the representatives of the Iron Workers Union to attempt to intimidate Tee's em-

92. 20/2/36
K.G.

9.P. 20/2/36

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

ployees by assaulting them.

I am, Sir,

Your Obedient Servant,

J. L. Williams
D. S. 12

J. Knight 22
S. D. 1/0 2

D. D. O. "D"

J. L.
W. H.
20 FEB 1912

1.5
6 40.00 1.35

MUNICIPAL POLICE
S. I. REGISTRY
File No. 6595

SHANGHAI MUNICIPAL POLICE.

S. I, Special Branch 2 Station 1

REPORT

Date April 3, 1935.

Subject 3rd District Iron Work Manufacturing Trade Labour Union

Made by D.I. Sih Tse-liang Forwarded by *H. Gault*

The five dismissed workers of the Continental Iron Works, 241 Penang Road, to whose reinstatement the Management agreed as one of the conditions for the dissolution of the 3rd District Iron Works Manufacturing Trade Labour Union, have all been paid off as they have found employment in other concerns.

The Free School established by the Management was opened on the evening of April 2 on the premises of the Factory when some 120 young workers and apprentices of the concern attended. The curriculum includes literature, English, mathematics and engineering, and the subjects are taught by the Manager and senior staff members of the Factory. Classes are conducted between 6.30 p.m. and 8.30 p.m. every evening except Sundays.

Sih Tse Liang

D. I.

D.C. (Special Branch).

File
MS

3-APR-1935



SHANGHAI MUNICIPAL POLICE.

MUNICIPAL POLICE
File No. REGISTRY.

S.1, Special Branch, X22222

REPORT

Date March 22, 1935.

Subject 3rd District Iron Work Manufacturing Trade Labour Union.

Made by D.I. Sih Tee-liang Forwarded by *H. Crumb*

The Shanghai Municipality 3rd District Iron Work Manufacturing Trade Labour Union (上海市三區鐵工製造業勞資會, came into existence on February 1, 1935, with a preparatory office at Lane 216, No.14 Robison Road, but has ceased functioning since March 19, pending measures to wind up its affairs.

This Union was promoted by the following seven workers of the Continental Iron Works, 241 Penang Road,

C.O.L. :-

- Chen Ming Kao (陳鳴皋)
- Chang Shao-ziang (張北祥)
- Sung Ching-sean (沈金山)
- Chang Pah-ziang (張北祥)
- Zao Wan-ching (邵懷青)
- Lan Fao-wang (冷寶璜)
- Mao Zoong-nyi (毛崇義)

Subsequently the Union submitted the following two demands to the management of the Continental Iron Works :-

1. That a free school be established for workers' children.
2. That a club as well as a consumers' cooperative society be organized and financed by the management for the benefit of workers.

As a measure to counteract this agitation the management dismissed five of the seven promoters.

Subsequent negotiation between the management and the workers has, however, settled the dispute under the conditions that the workers should dissolve the Union and that the Management would reinstate the dismissed hands and favourably consider their demands. Consequently the Union has ceased functioning, the permit granted by the local

FM - 2
G. 40,000,7.25

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

.....Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

- 2 -

Kuomintang on March 7 for its organization having now been returned to the Tangpu Headquarters. On the other hand, arrangements for the establishment of a free school have been made by the Management and it is expected that teaching will commence on April 2, 1935. So far the dismissed hands have not yet reported for duty.

U

Sih Jie Liang
D. I.

D.C. (Special Branch)

SI,
Further report please
in due course.

WJ
22 MAR 1935

SHANGHAI MUNICIPAL POLICE

COMMISSIONER'S OFFICE.

Letter from the Continental Iron Work Factory, No. 241
Translation of... Penang Road.

March 19, 1935.

To

The Police Department,
Shanghai Municipal Council.

Gentlemen,

This factory was founded in 1928 and formerly situated at Nos. 846-9, Li Chia K'u, Ferry Road. Owing to inadequate accommodation, it was later removed to No. 241 Penang Road during the winter of 1931, after a period of 4 years, where business has been carried on as before. It employs about 250 workers and no dispute has arisen during the past 8 years. Recently a so called "3rd District Iron Work Manufacture Trade Labour Union" has been organized by one Chen Ming Kao etc., a turbulent worker, at No. 14 Fu Yuan Li Alleyway off Robison Road, west of Kiaochow Road, our workers being incited and intimidated from time to time, and subversive measures adopted.

In these circumstances we request you to be good enough to pay close attention to the matter by causing inquiries to be made. We may add that we have been paying municipal rates to

the Shanghai Municipal Council in the past,
although the factory is on an extra Settlement
road. Having fulfilled our obligation as a
ratepayer, we trust that the police authorities
would do whatever they can to protect our
interests.

(Signed): Wang Wan Ch'ing,
 Manager.

SKHO:

營業要目

所製各種機器
增修各種工廠

各種機器
各種機器

謹啓者 敝廠於民國十七年開辦設於小沙渡路
八四六九號門牌者四年因廠房狹小不敷應用於十
年間遷移於陽明路二四一號營業全廠工人二百餘
人自開辦以來迄今八年所有工人相安無事亦以重不
工人陳鳴皋等三君出於一舉一動必當留意十四號門牌
組織第六分社之製成業青島之會務官編制要訣及工人
及石錫州行爲等事故特呈誌

貴部始終欲求洋意廠主爲所每 廠廠址發售
趙界集站地以租應年以銀二拾兩也
工部局徵收去 廠既查而稅其地應請



環球信工股分有限公司

營業要目

精製各種絲棉紡織機械
繅絲紡織工廠全部計劃

各種工程全部設備
其他機械製造修配

專員部盡力設法保護為此謹呈

工部局警務處鈞鑒

寰球鐵工廠股份有限公司

經理 王元仲 謹具

中華民國廿四年三月十九日第

號



上海福州路
寰球鐵工廠股份有限公司

無線電掛號三二一 電話二〇三九八

D-6596

D-6597

D-6598

TELEPHONE : 14652/3.

SHANGHAI MUNICIPAL COUNCIL
S. P. REGISTRY

6596

13/4/35

OFFICE OF H.B.M. AIR ATTACHE,

217/8, SASSOON HOUSE,

SHANGHAI.

12th April, 1935.

My dear *Givens*.

I am writing to thank you very much for sending me information about matters in connection with aviation.

These reports are of great interest and value to me and I am very grateful to you for letting me see them.

With kindest regards,

Yours *Very sincerely,*

J. C. M. Mack.

T. P. Givens, Esquire,
Deputy Commissioner,
Police Force,
Shanghai Municipal Council,
239, Hankow Road,
SHANGHAI.

*File
M.G.*

Form No. 3
G. 25,000-1-34

SHANGHAI MUNICIPAL POLICE
File No. *6596*

SHANGHAI MUNICIPAL POLICE.

S.I., Special Branch *35*

REPORT

Date *April 11, 1935*

Subject (in full) Chinese Aviator Sung Dong-kong (孫桐崗)

- leaves for Italy.

Made by D.I. Sih Tse-liang

Forwarded by *H. Grubb C.O.I.*

Sung Dong-kong, a Chinese aviator, who arrived in Shanghai from Shantung on April 7, left for Italy by the S.S. "Conte Verde" at 12.30 p.m. April 10, for the purpose of ^{taking} ~~undergoing~~ an advanced course ^{in training in} of aviation.

Sung Dong-kong is a native of Tsinan, Shantung, age 27. He was educated at home and at the age of 17 joined the army under the command of General Feng Yu-hsiang. He later entered the Haoting Military Academy on the recommendation of General Feng. On leaving the academy in 1930 he proceeded to France to study aviation, and returned to China in September, 1933. In March, 1934, he was presented with a ^{a private} ~~training~~ aeroplane by Tu Yueh-sung.

Sih Tse Liang

D. I.

D. C. (Special Branch).

File
copy sent to Group Capt. R.P. Willock, Cathay Hotel
73.400
11/4/35

SHANGHAI MUNICIPAL POLICE.

S. I. Special Branch

REPORT

Date April 2, 1935.

Subject (in full) Chinese Aviation Students - Departure for Italy

Made by D. S. I. Duncan

Forwarded by

H. Gault

In connection with the reported departure of 15 aviation students from the Hangchow Aviation Academy for Italy on the S.S. "Conte Rosso" on March 15, 1935, enquiries show that these persons are apprentice aviation engineers of a superior class who have been sent to Italy at the expense of the National Government to complete their training.

Enquiries were also made with a view to eliciting the names of the engineers but without result. As a rule, students sent abroad by the National Government have their passports and other necessary arrangements made by the Ministry of Foreign Affairs at Nanking.

According to the World's Chinese Students Federation, 191 Carter Road, seven members of the aviation corps at Nanchang left Shanghai for the U. S. A. on the night of March 15/16 by the S.S. "President Wilson" but confirmation of this report is lacking.

W. Duncan

D. S. I.

D. C. (Special Branch)

copy sent to Group Capt R. P. Willock

File
M

33740
4/4/35

**Aviation Students Off
For Study In Italy**

A group of 15 students of the Central Aviation Academy in Hangchow under the leadership of Mr. Chiang Chien-jen, director of political affairs of the academy, left Shanghai yesterday on board the Italian liner Conte Rosso for Italy for advanced aviation training.

The group is the first of a series of aviation cadets to be sent by the national government for aviation training in foreign countries. The second group, which is to go to the United States, is expected to arrive in Shanghai shortly from Hangchow.

SI,
Please verify very
discreetly and report.
The Italian Authorities and
Steamship Co. may resent
inquiries, but the customs
may be willing to help.
MG

Min Sin Jih Pao (明新報), a mosquito paper, published the following article on March 15, 1935.

CHINESE AVIATION CADETS LEAVE FOR ITALY

On March 13, the Aviation Commission sent 13 cadets to study in Italy. They left at 2 p.m. on board the s.s. Conte Verde. These cadets had been examined by the Military Affairs Commission at Nanchang. Upon their arrival in Italy, they will have the rank of Lieutenant and will draw a monthly allowance of \$140.00. The pay which they have been drawing while in China will be issued to their families.

It is reported that the Aviation Commission also contemplates sending a batch of aviation cadets to America.

No reports about this dispatch of cadets to Italy had been published by the leading Chinese newspapers because the authorities did not desire to draw too much attention to the matter.

6597
Date Recd: = 26

March 26, 1935.

Morning Translation.

that if policemen resort to the torturing of prisoners, they must have done this on the instructions of the inspector in charge or an examining police officer. In conclusion, he said he would file a claim for \$25,503 as compensation for the death of the restaurant keeper.

Interrogated by Judge Zau, all the accused denied having tortured the deceased and stated that they would oppose the claim.

The case was remanded to 2 p.m. March 30 when judgment will be delivered.

Show Ping Yuan, the inspector in charge, was handed over to the Bureau of Public Safety. He has already been dismissed from the Bureau.

Crystal (晶英), a mosquito paper, of March 25, 1935:-

THE VISIT OF THE "ASAHI" AEROPLANE

During the reception given at the Lih Tse Club at Nanking to the "Asahi" goodwill aeroplane, Kamio, Chief of the Far Eastern Section of the Osaka Asahi Shimbun in Japan, in the course of an address, said:- "The 'Asahi' goodwill aeroplane visited Europe in 1924. It is visiting China to-day. The Asahi News Agency regrets that during the past ten years, no exchange of courtesies to promote good feelings between China and Japan had been made. It is a mistake to overlook a shorter route and take a longer route. The aeroplane is visiting China to-day, ten years after its visit to Europe. My only regret is that the reconciliation between China and Japan has come so late."

By this, the speaker meant that China has been placing too much confidence in the League of Nations and China, in his opinion, should not have requested "blue-eyed and yellow haired man" to interfere in affairs affecting the East.

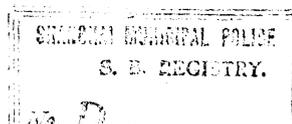
During the function, Zee Kung Heng (齊公衡), a reporter of the Overseas Chinese News Agency at Nanking, delivered a speech in the Japanese language, in the course of which he approved of friendship between China and Japan, but added that neither China nor Japan should act in a threatening manner. He said that Japanese civilians were friendly to China, but not the Japanese militarists. Producing a piece of white cloth and a knife, he prepared to cut his finger to write his opinion on the cloth with the blood and to ask the aviators of the "Asahi" aeroplane to take the cloth to Tokyo and hand it to the Japanese civilians. But he was stopped by others.

A report is current in Nanking that the Japanese Consul-General has informed the Ministry of Foreign Affairs that he regretted that such an incident should have been caused by the Chinese reporter.

In our opinion, the expression from the Japanese Consul-General is not necessary because the affair is trivial and without importance.

76507

S



No. D

Date / /

X

March 26, 1935.

Morning Translation.

Iron News (鉄報), a mosquito paper, of March 25, 1935:-

The recent visit made by the "Asahi" goodwill aeroplane is highly welcomed by Chinese officials and civilians.

During the reception to the Japanese aviators, a Chinese newspaper reporter attempted to cut his finger in order to hand it to the Japanese aviators to take it to the Japanese militarists. The Chinese reporter said that if Japan desired friendship with China, she should stop her acts of invasion of China.

Central China Daily News (official organ of Wang Ching Wei) and other local newspapers :-

MEETING OF STOCK EXCHANGE BROKERS

At 4 p.m. yesterday the Federation of Brokers of Five Stock Exchanges held a meeting at the Yih Tse Siang (一枝香) Restaurant on Foochow Road. Over 10 persons were present. Die Foh Dong (德福堂) presided. The levying of a tax on exchange transactions and the revision of the regulations governing stock exchanges by the government were discussed. The meeting lasted two hours.

Another meeting will be held this week.

X

6597
25 3 1935

March 25, 1935.

Morning Translation.

MISCELLANEOUS

MAINICHI

6597

GOODWILL AVIATORS FROM JAPAN - INSULTING BEHAVIOUR
OF CHINESE NEWSPAPER REPORTER - APOLOGY TENDERED

At a reception given to the Japanese goodwill aviators by the Chinese newspapermen at Nanking on March 21, a Chinese named Tsai, manager of a news agency, delivered a speech in a manner insulting to Japan and the Japanese army clique.

In connection with the incident the Japanese authorities are reported to have lodged a strong protest with the Chinese authorities resulting in the Chinese Authorities and the Chinese newspapermen who were the hosts at the reception tendering an apology to the Japanese Consular authorities at Nanking and the Tokyo and Osak Asahi Shinbun.

6577

KOREAN CONCERT TO BE HELD AT JAPANESE CLUB

It is reported that the Korean Residents Association which was recently organized has made arrangements for the presentation of a Korean concert at the Japanese Club at 1 p.m. March 31 for the purpose of raising funds to establish a home for unemployed Koreans. Admission will be charged at one dollar per head. The Japanese public are requested to support the function. The Association is managing a kindergarten school for Korean children who are later to be admitted to the Japanese primary schools.

Mr. Lee Kab Nyung, President of the Association, appealed to the Japanese public to give financial or other assistance so that the aim of the Association might be realized.

SHANGHAI MUNICIPAL POLICE.

S.1, Special Branch
REPORT
Date March 25 1935

Subject (in full) Tea Party in honour of Japanese Aviators at Mayor Wu's home - duty performed by Special Branch.
Made by D.S. Mac Adie Forwarded by H. Gault

Between 3.45 p.m. and 5.50 p.m. March 23 the following members of the Special Branch performed duty outside the residence of Mayor Wu Tieh-chen, 464 Avenue Haig, during the tea party given by the Mayor in honour of the Japanese aviators of the 'good will' plane of the Asahi newspaper:-

- D. S. Mac Adie
- D. S. Makaroff
- D. I. Pan Lien-pih
- C.D.S. 45
- C.D.S. 89
- C.D.S. 48

No untoward incident occurred.

R. W. Mac Adie
D. S.

D. C. (Special Branch)

File
Mh
MAR 27 1935

SHANGHAI MUNICIPAL POLICE

File No. 6-92

S. 1, Special Branch

REPORT

Date March 23, 1935.

Subject Tea Party held at the Japanese Consul-General's Residence 128
Seymour Road, March 22.

Made by D.S.I. Duncan

Forwarded by H. Gault R. J.

The following men from the Special Branch carried out observation duty in the vicinity of the Japanese Consul-General's residence, 128 Seymour Road, between 3.45 p.m. and 6.30 p.m. March 22 on the occasion of a tea party given in honour of the pilots of the 'good will' aeroplane "Asahi":

D.S.I. Duncan

D.S. McKeown

" Teheremahansky

D.P.S. Duke

D.S. Umemoto

D.C. Kamashita

S.D.C. 77 Dulla Singh

No untoward incident occurred.

W. Duncan

D. S. I.

D. C. (Special Branch).

File
JH
25 MAR 1935

COPY OF S.M.P. (Special Branch) Report
dated March 23, 1935

Application from Secretariat, City Government, for
police protection to foreign guests attending
tea party at 464 Avenue Haig

Mr. S.H. Tang, Secretary to the Mayor, rang up this morning stating that Gen. Wu Tih Cheng, Mayor of Shanghai, will give a tea party at his house at 464 Avenue Haig this afternoon between 3 and 5 p.m. in honour of the Japanese aviators when a number of distinguished foreign guests will attend.

Mr. Tang requests that S.M.P. dispatch uniformed Policemen for duty outside the premises during the time specified.

The following members of the Special Branch will be on duty in the vicinity from 2.45 p.m. until the conclusion of the functions:-

D.B. Mac Adie
D.S. Makaroff
D.I. Pan Lien Pih
C.D.S. 45
C.D.S. 48
C.D.C. 281

Distribution

D.C. (Divisions)
D.O. "B"
Officer i/o Bubbling well Station

*Distributed noon
March 23rd.*

KG

Urgent

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

Special Branch Station,

Date March 23, 1935.

Subject. Application from Secretariat Chinese Municipality for police protection to foreign guests attending tea party at 464 Avenue Haig.

Made by Supt. Tan Forwarded by.....

Mr. S.H. Tang Secretary to the Mayor rang up this morning stating that General Wu Tih Cheng the Mayor of Shanghai will give a tea party at his house at 464 Avenue Haig this afternoon between 3 and 5 p.m. in honour of the Japanese aviators when a number of distinguished foreign guests will attend.

Mr. Tang requests that S.M.P. dispatch uniformed Policemen for duty outside the premises during the time specified.

Tan Shaochang
Superintendent.

D. C. (Special Branch).

Distribution:

D.C. (Dinos)

D.O. "B"

D. 1/2 B. Wall

March 24, 1935.

Morning Translation.

MISCELLANEOUS

NIPPO

ARRIVAL OF THE JAPANESE GOODWILL AVIATORS AT NANKING:
A STRANGE INCIDENT

On March 21 when a reception was being given to the Japanese goodwill aviators at the Lee Ts Club, Nanking, by Chinese newspapermen, a Chinese reporter delivered a speech in the Japanese language in the course of which he attacked Japanese militarists. The action took his hearers by surprise.

On March 23 the office of the Japanese Military Attache issued the following statements:-

"A reception was given to the Japanese goodwill aviators by Chinese newspapermen at the Lee Ts Club, Nanking. The reception was attended by the Japanese fliers, the Japanese Consul-General, at Nanking, the Japanese Military and Naval Attaches, and 50 Chinese including officials of the Foreign Office. At the reception one Chi, manager of a certain Chinese news agency, delivered a speech in the Japanese language in the course of which he expressed the hope that aeroplanes would be used for peaceful purposes and not for the invasion of other countries. The Chinese people, he said, desired the recovery of the 4 provinces in the North-East. The man then attempted to cut off his little finger with a knife, stating that he hoped the fliers would take it to the Japanese militarists as a present. He was, however, prevented from carrying out his intention by several persons who were near him."

JAPANESE GOODWILL AVIATORS ENTERTAINED BY JAPANESE
MINISTER TO CHINA

Mr. Ariyoshi, Japanese Minister to China, entertained the Japanese goodwill aviators at 7 p.m. March 23 at his official residence.

About 26 persons including Japanese and Chinese high officials attended the function.

MAYOR WU ENTERTAINS JAPANESE GOODWILL AVIATORS

Mayor Wu of the Japanese City Government entertained the two Japanese goodwill aviators at 4 p.m. yesterday at his residence. The reception was attended by 70 persons including Japanese and Chinese high officials. Mayor Wu presented each of the aviators with a silver pagoda.

6597

March 23, 1935.

Morning Translation.

D 3266
(Canton)

宗泰
The Pao Tai No. 1 Silk Filature (322 looms),
the Ziang Zung Woo Kee (江和記) Silk Filature
(264 looms), the Yu Foong (裕興) Silk Filature
(97 looms), the Hung Chang (恒昌) Silk Filature
(288 looms) and the Foh Lung (福隆) Silk Filature
(126 looms), the only five silk filatures operating in
this locality, are about to close owing to shortage
of cocoons.

Sin Wan Pao and other local newspapers :-

THE NAVIGATION MUTUAL AID ASSOCIATION ORDERED TO CLOSE

In view of the illegal activities of the Navigation Mutual Aid Association, a body organized by commanders of steamers, the People's Movement Direction Committee of Central Kuomintang Headquarters has sent a dispatch to the local Tengpu requesting it to suppress the association and to submit a report.

Yesterday the local Tengpu sent a reply to the People's Movement Direction Committee of Central Kuomintang Headquarters stating that an investigation has confirmed the report that the Association is engaged in illegal activities and that the Association has been ordered to close.

China Times (Editorial) :-

THE VISIT OF THE "ASAHI" GOODWILL AEROPLANE.

The "Asahi" goodwill aeroplane arrived in Shanghai from Nanking yesterday. Whilst according a warm welcome to the aviators, we have a few words to say to our Japanese fellow journalists.

Since the September 18 Incident, the newspapers of the two countries have been prejudiced by national feelings and this has been one of the many causes of Sino-Japanese misunderstanding. A perusal of the Japanese newspapers published after the Mukden incident will make our point clear. They contained reports and articles of propoganda with such headings as "Anti-Japanese Movement in China", "Conduct a punitive campaign against China", etc. intended to arouse the feelings of the Japanese people.

Let bygones be bygones. On our part, we shall correct our mistakes and we hope that our fellow Japanese journalists, after returning to their homeland from the present visit, will persuade their people to abandon their anti-Chinese feelings. This will bring about an improvement in the relations between the two countries and not only will the Sino-Japanese deadlock be gradually overcome but peace in the Far East will be assured.

D 6597

D.6597

SHANGHAI MUNICIPAL PRINTING
S. B. REGISTRY.

No. D 6597

Date 23 3 1935

March 23, 1935.

Morning translation

SAHI SHIMBUN TO ENTERTAIN SAHI GOODWILL FLYERS

The representative of the Japanese newspaper "Asahi Shimbun" will give an entertainment to the two Japanese goodwill flyers at the Rokusan Garden at 12.30 p.m. March 23.

Mayor Wu to entertain Japanese aviators

Mayor Wu of the Shanghai City Government will entertain the goodwill flyers at his residence at 4 p.m. March 23.

D. 6597

SHANGHAI MUNICIPAL POLICE
S. S. DISTRICT.
No. D. 6597
Date 3/22/35

March 22, 1935.

Morning translation.

"ASAHI" AEROPLANE EXPECTED IN SHANGHAI TO-DAY

The "Asahi" goodwill aeroplane is due here between 1.30 and 2 p.m. to-day.

About 150 Japanese residents including Mr. Ariyoshi, Japanese Minister to China, Mr. Ishihara, Japanese Consul-General, and students representing all Japanese schools in Shanghai, will welcome the aeroplane. A basket of flowers will be presented to the aviators by a Japanese girl as the representative of the Japanese Girls High Schools.

The Chinese authorities have also made arrangements to welcome the aeroplane.

It is reported that the Shiseido Japanese book shop at the corner of Haining Road and Woosung Road will sell bus tickets to all persons who wish to proceed to the Lunghua Aerodrome to welcome the aviators.

SHANGHAI MUNICIPAL POLICE
S. S. REGISTRY.
No. D 6597
Morning Translation.

March 21, 1935.

3

China Times and other local newspapers:

D 6597

LOCAL WELCOME TO JAPANESE NEWSPAPER AEROPLANE

The "Asahi" aeroplane belonging to the newspaper "Asahi" of Tokyo and Osaka arrived at Nanking yesterday on a goodwill tour. It will leave Nanking for Shanghai to-morrow and will land at the Lunghwa Aerodrome at 2 p.m. Mayor Wu Te Chen, Mr. Ariyoshi, the Japanese Minister to China, the Japanese Consul-General and other Chinese and Japanese officials will welcome the aviators at the aerodrome.

At 4 p.m. the Japanese Consul-General will entertain the two aviators to a tea party at his residence on Seyour Road. At 7 p.m. the Chinese Newspaper Publishers' Association will give a dinner in honour of the Japanese aviators at the Han Hwa Lou (杏花樓) Restaurant on Foochow Road. Japanese journalists will also be invited to the party.

On the morning of March 23, the two Japanese aviators will pay calls on various Chinese and Japanese officials. At 4 p.m. Mayor Wu Te Chen will entertain them to a tea party at his residence on Avenue Haig. At 7 p.m. the Japanese Minister to China will give a dinner party in their honour at his residence on Route Pichon.

The aeroplane will leave for Japan at 6 a.m. March 24 from the Lunghwa Aerodrome.

China Times and other local newspapers:

D 6488

EWO COTTON MILL STRIKERS RESUME WORK

The Ewo Cotton Mill on Yangtsepoo Road and the Yangtsepoo Cotton Mill on Wetmore Road together employ about 12,000 workers. Owing to trade depression, the managements of the two mills recently announced a reduction of 10% in the wages of the workers, effective from February 1. Negotiations were opened by the workers with the managements but without result. On February 24 the workers went on strike as a protest.

As a result of mediation by the local Tangpu and the Bureau of Social Affairs, the strikers have agreed to resume work.

It is learned that about 200 strikers resumed work yesterday and that the remaining operatives will resume in a few days.

China Times (Nanking Telegram):

F. C. Williams

REVISED REGULATIONS GOVERNING THE CENSORING OF FILMS

The Law Committee of the Legislative Yuan held a meeting on March 20 at which the revised regulations governing the censoring of films were passed. The regulations will be submitted to a meeting of the Legislative Yuan.

China Times and other local newspapers:

D 4997

MORE CHINESE DEPORTED FROM JAPAN

Yesterday two Chinese deported from Japan arrived here on board the s.s. Kasagi Maru. They are now staying at the Sun Kung Sin Hotel (新公信) on the Bund, Nantao.

D.6597

SHANGHAI MUNICIPAL POLICE	
S. D. REGISTRY.	
No. D	6597
Date	21/3/35

March 21, 1935.

Morning translation

"ASAHI" AEROPLANE EXPECTED IN SHANGHAI ON MARCH 22

The "ASAHI" aeroplane now visiting Nanking is expected at the Lungwa Aerodrome in Shanghai between 1 and 2 p.m. March 22. Those who wish to welcome the arrival of the plane at the aerodrome are requested to apply for admission tickets at the Japanese Consular Police.

Japanese Consul-General to entertain aviators

XXXXXXXXXXXXXXXXXXXX

XX

XX,

Mr. Ishii, Japanese Consul-General, will give a tea party in honour of the two Japanese aviators at his residence on Seymour Road at 4 p.m. March 22.

U.S. DEPARTMENT OF COMMERCE
U.S. REGISTRY
Special Branch 6597
March 21, 1935. 125

Tea Party to be held at the Japanese Consul-General's residence, no.128 Seymour Road, on march 22.

between 4 p.m. and 6 p.m. march 22, a tea party will be given by mr. Ishii, local Japanese Consul-General, at his residence at no.128 Seymour Road in honour of the pilots of the Asahi Plane, which is making a good will flight to China and will arrive in Shanghai on march 22. Some 300 prominent foreign, Chinese and Japanese officials and civilians have been invited.

The following men have been detailed for duty in the vicinity of 128 Seymour Road from 3.45 p.m. until the conclusion of the functions -

- D.S.I. Duncan
- D. S. McKeown
- D. S. Tcheremshansky
- D.P.S. Duke
- D. S. Umemoto
- D. C. Kamashita
- D. C. 74 Surain Singh
- D. G. 138 Mela Singh

Distribution

- D.C. (Divisions)
- D.O. "B"
- O. i/c Subbling Well Station

H. Gould
to J.

W.S.

MAR 21 1935

SHANGHAI MUNICIPAL POLICE.

S. 1, Special Branch

REPORT

Date March 20, 1935

Subject (in full) Tea Party to be held at the Japanese Consul-General's residence, No. 128 Seymour Road, on March 22.

Made by D. S. Umemoto Forwarded by H. Grubb D.

Between 4 p.m. and 6 p.m. March 22, a tea party will be given by Mr. Ishii, local Japanese Consul-General, at his residence at No. 128 Seymour Road in honour of the pilots of the Asahi Plane, which is making a good will flight to China and will arrive in Shanghai on March 22. Some 300 prominent foreign, Chinese and Japanese officials and residents have been invited.

D. S. Umemoto

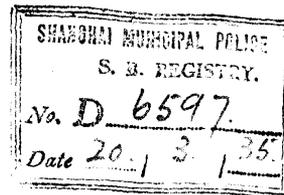
D. S.

Deputy Commissioner, Special Branch.

Det. Insp. Grubb,

Please arrange to send a party of men from Special Branch. It will be necessary to send a copy of this report and a list of the men attending from the Sp. Branch to D.O. (Dunn), D.O. "B" and B. Wall Station.

JW



March 20, 1935.

Afternoon Translation.

Journal de Shanghai :-

NANKING PREPARING GREAT WELCOME TO JAPANESE AVIATORS

(From Our Special Correspondent)

Nanking, March 17.

The Nanking Government is preparing a great welcome in honour of the pilots of the aeroplans belonging to the newspaper "Asahi" of Tokyo and Osaka.

The aeroplane will leave Tokyo on March 20 and is due at Nanking at 4.30 p.m. the same day.

The Japanese aviators will remain one day at Nanking and two days at Shanghai.

HIGH EDUCATION IN CHINA

The Ministry of Public Education has published the following statistics of higher education throughout China :-

<u>Provinces</u>	<u>Population</u>	<u>Number of students receiving higher education</u>	<u>Ratio per million of population</u>
1. Kiangsu	34,123,000	7,128	209
2. Kwangtung	22,423,000	6,072	187
3. Fukien	10,071,000	1,866	186
4. Shansi	12,288,000	2,250	183
5. Chekiang	20,623,000	3,562	173
6. Hopei	31,232,000	4,142	132
7. Kwangsi	13,648,000	1,274	84
8. Anhwei	21,714,000	1,901	88
9. Kiangsi	12,288,000	1,376	69
10. Szechuen	47,992,000	2,853	60
11. Chahar	1,927,000	132	60
12. Hunan	31,501,000	1,811	51
13. Shantung	28,572,000	1,659	54
14. Hupeh	26,699,000	1,350	51
15. Honan	32,566,000	1,333	44
16. Suiyuen	2,124,000	78	30.5
17. Kansu	6,231,000	199	30
18. Yunnan	13,821,000	320	22
19. Shensi	11,803,000	236	20
20. Kweichow	14,784,000	204	14
21. Ninghsia	1,500,000	20	13
22. Tibet	3,722,000	51	13
23. Mongolia	6,160,000	51	8
24. Kokonor	6,195,000	42	7
25. Sinkiang	8,906,000	7	0.8

J. Fontos.

D.6598

SHANGHAI MUNICIPAL POLICE	
S. I. REGISTRY.	
No. D	10192
Date	2.3.35
March 22, 1935.	

Kong Tai Hosiery Factory - strike ended

The strike of seventy workers in the Weaving Department of the Kong Tai Hosiery Factory, a Japanese concern at 1080 Ward Road, which began on March 20, ended at 6 p.m. March 21, when some 35 strikers resumed unconditionally, while the remainder reported for duty this morning, March 22. The strike was declared as a protest against the decision of the management to extend the working period from 9 to 11 hours and also to enforce a demand for better wages.

SHANGHAI MUNICIPAL POLICE.

Yulin Road Station,
Date March 22, 1935

REPORT

Subject Further re strike at the Kong Tai Hosiery Factory, 1080 Ward Rd.

Made by J.D.C.54 Ito. Forwarded by *J. D. C. 54* O/c

Sir,

I beg to report that at about 1 p.m. 21/3/35, 6 representatives of the strikers interviewed the Manager when they unconditionally return to work.

Between 9 p.m. and 6 p.m. 21/3/35, about 35 strikers returned to work.

The remainder resumed work at 6.30 a.m. unconditionally this morning.

I am, Sir,

Your obedient servant,

J. D. C. 54

J.D.C.54.

J.K. 02/35
S.D.i/c.

D.D.V. "D"

Copy to O.C. Special Branch.

J.D. 22 3 35
1/19

File
J.M.
22 MAR 1935

SHANGHAI MUNICIPAL POLICE.

File No. 111/35.
Misc.

REPORT

Yulin Road Station,

Date March 20, 1935.

Subject Strike at Kong Tai Hosiery Factory, 1080 Ward Road.

Made by J.D.C. 54 Ito.

Forwarded by

J. Russell O'Keefe

Sir,

At about 6.15 p.m. 20-3-35 a telephone message was received from the Kong Tai Hosiery Factory, 1080 Ward Road reporting that a number of workers had gone on strike.

From enquiries made by the undersigned and C.D.S. 235 it was ascertained that the above factory employs 250 workers engaged in making cotton hosiery. Of this number, 70 workers in the weaving dept. struck work at 6.30 a.m. 20-3-35 over a dispute with the management regarding the long working hours, the strikers demanding better wages.

The manager Mr. T. Enokido interviewed the strikers and explained to them that the reason the wages were low was owing to the business depression as he had to sell his products very cheap therefore he could not afford to comply with their wishes for higher wages.

It is expected that the strikers will probably resume work on 21-3-35. a.m.

Enquiries proceeding.

I am, Sir,

Yours obediently,

Toshiko

J.D.C. 54.

J. Russell O'Keefe 21-3-35
C. D. Ito

D.D. 3-35

Copy to D.C. Special Branch.

J.R. 21-3-35

1/4

J.R.
21 MAR 1935

SHANGHAI MUNICIPAL POLICE
CRIMINAL INVESTIGATION DEPARTMENT.

REPORT ON STRIKE

Yulin Road Station 20-3-35. March 20, 1935.

Time and date reported 6.15.p.m. Time and date I.O. informed

By whom reported Mr. T. Enokido, General manager.

Trade or profession of strikers Hosiery factory workers.

Number of strikers 70 Male 70 Female - Apprentices -

Employer's name, address and business Kong Tai Hosiery Factory, 1080 Ward Road.

Union to which strikers belong Nil.

Cause of strike and demands made by strikers Long working hours. The strikers demand higher wages.

When did discontent amongst strikers first commence 6.30.p.m. 20-3-35.

What action (if any) did employers take to remedy cause of discontent prior to commencement of strike Nil.

What action (if any) have the employers taken to meet the demands of the strikers Nil.

Names and addresses of strike leaders Unknown.

Has the strike or its cause any political inspiration Unknown.

Meeting places of strikers Unknown.

Number of persons arrested for offences arising out of strike nil

Particulars of literature (if any) circulated relative to strike nil

Name and address of printer of such circulars

Precautions taken by Police Police posted on factory.

SENIOR DET. I/C.	INSPECTOR I/C.	D. C. I.	I. C.

NOTE. "Further" reports should be submitted on the usual Report form.

SHANGHAI MUNICIPAL POLICE
S. S. REGISTRATION
No. D 6598.
Date 22. 3. 35.

March 22, 1935.

Labour (2)

Kong Tai Hosiery Factory - strike ended

The strike of seventy workers in the Weaving Department of the Kong Tai Hosiery Factory, a Japanese concern at 1080 Ward Road, which began on March 20, ended at 6 p.m. March 21, when some 35 strikers resumed unconditionally, while the remainder reported for duty this morning, March 22. The strike was declared as a protest against the decision of the management to extend the working period from 9 to 11 hours and also to enforce a demand for better wages.

North China Garage - situation

Some 30 chauffeurs of the North China Garage, 108 Nanzing Road, which closed down on March 19 owing to financial difficulties have been staying since March 20 in the house of Zien Wen Hao (張文豪), Manager of the garage, at Lane 222, No. 20 Avenue du Roi Albert, with the object of pressing their demands for the immediate issue of wages in arrears as well as the return of their guarantee money. This garage in addition to branches in the French Concession and the head office at Nanzing Road, has a branch at No. 1 Pingliang Road.

Two Cotton Mills Ltd. - propaganda in favour of strikers

A printed handbill containing the following demands was found posted on a wall near the gate of the Yangtzeppoo Cotton Mill, 1 Wetmore Road, in the evening of March 21.

I

SHANGHAI MUNICIPAL POLICE
S. M. REGISTRY.
No. <u>D</u>
Date . . . / . . . / . . .

Labour (3)

March 23, 1935.

116483
C. S. K.

1. All workers should 'surround' the Manager and compel him to accept all demands.
2. No worker should be dismissed.
3. Wages should be issued for the period of the strike.
4. No deduction should be made from the wages for the period of strike.
5. The system of granting rice allowance of 2.4 cents should be restored.
6. The cotton yarn in stock should be sold by auction in order to raise money for the relief of strikers.
7. Day and night shifts on full scale should be resumed.
8. Armed picketing groups should be organized to protect strikers.
9. A strike committee should be organized.
10. Unconditional resumption of work should be opposed.
11. The attempt of the Management to conspire with the Bureau of Social Affairs to break the strike movement should be opposed.
12. Representatives should be sent to persuade workers of all cotton mills in Shanghai to start a general strike.

Shanghai Old Union.

D.6598

SHANGHAI MUNICIPAL POLICE
S. P. REGISTRY.
No. D. 6598.
Date 21, 3, 35

March 21, 1935.

Kong Tai Hosiery Factory - strike in Weaving Department

Seventy workers in the Weaving Department of the Kong Tai Hosiery Factory, a Japanese concern at 1080 Ward Road, went on strike at 6.30 a.m, March 20, as a protest against the decision of the management to extend the working period from 9 to 11 hours, and simultaneously to enforce a demand for better wages. They are still out this morning, March 21. This factory employs a total of 250 workers.

D-6599

D-6601

D-6602

D-6603

March 25, 1935.

3
Morning Translation.

Shun Pao and other local newspapers :-

NORTH CHINA GARAGE SUSPENDS BUSINESS.

116591
The North China Garage on Nanzing Road suspended business the other day because the company is in debt to the amount of \$80,000. Zee Ven Hao (錢文豪), the manager of the garage, has disappeared. The 34 motorcars of the garage have been taken over by the creditors. The electricity, the telephone and the water services to the garage have been discontinued.

The 72 chauffeurs of the garage have not yet been paid their arrears of pay and nor has their cash security been refunded. Yesterday the chauffeurs held a meeting at which the following resolutions were passed :-

- 1) That the garage find a guarantor for the refunding of the \$50 cash security to each chauffeur.
- 2) That the garage issue a notice stating whether or not the owners will resume operations.
- 3) That the garage provide food and lodging to the chauffeurs during the period of suspension of business.
- 4) That the owners issue the pay of workers for the period of the suspension and that half pay be issued to substitutes of workers.

The chauffeurs will open negotiations with lawyer Zung Hou Shien (陳若宜), who is liquidating the company, to-day.

Sin Wen Pao (Peiping telegram) :-

DISPUTE BETWEEN MONGOLIA AND SUIYUEN.

The dispute between Suiyuen and Mongolia over the collection of revenue is being mediated by Hsiao Tsung Ying (蕭振瀛) and Pao Yoch Ching (包成卿). The Suiyuen authorities used to earmark the tax for their military expenses, whilst the Mongolian Political Council likewise depend upon this source of revenue to meet expenses. It is claimed that the district affected is located within Mongolian territory. Both sides are taking a serious view of the dispute. The matter has been brought to the notice of General Chiang Kai Shek and Wang Ching Wei for instructions.

The report of an encounter between the troops of Suiyuen and Mongolia on the night of March 21 is unfounded.

On March 22 Pao Yoch Ching received a telegram from Prince Tuh (德王) of Mongolia, stating that the Suiyuen authorities were collecting reinforcements and that the situation at the front was becoming very grave.

On the morning of March 23, Pao Yoch Ching called on General Ho Ying Ching and showed him the telegram he had received from Mongolia. General Ho informed him that measures were being devised to settle the dispute and has instructed both parties to be calm.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— **Mis. 157/35**

Division, **Hongkew**
Police Station, **35**
22nd. March 19**35**

Diary Number:— **2**

Nature of Offence:—

Time at which investigation begun and concluded each day	2.p.m. - 4.p.m. 22-3-35	Places visited in course of investigation each day	General Enquiries
--	-------------------------	--	-------------------

RECORD OF INVESTIGATION.

Complaint by North China garage employees

At about 2.p.m. 22-3-35 Chen **陳懋堂** lawyer, acting for the head of the garage Chien Uen Heo, (**錢文毫**) came to the station and stated that he had interviewed two of the chauffeurs representatives but had refused to negotiate with them until the 16 motorcars belonging to the company had been restored.

This lawyer stated that it had come to his knowledge that 3 of the cars were being kept by an employee **Wong Chin Song, (王建中)** this man was located at No.7. Nanzing Road when he stated that he is the man who is responsible for the rent of the garage at No.7 Nanzing Road, and as \$755-24cts is owing for rent, and the Shanghai Commercial Bank, the landlords, are pressing him for payment, he arranged on the night of the 20th. March, '35 that 3 motorcars were taken from the garage at Rue de Kay Soong, French Concession to the garage at No.7. Nanzing Road. On the morning of the 20th. March he removed the licence plates and had the cars placed in the godown of the Shanghai Commercial Bank at Nanzing Road as security for the rent owing, where they still remain.

It has been ascertained that the other 13 cars reported as stolen were taken away on the morning of the 20-3-35 by a male Chinese, **Liu Tsai Ken. (劉財根)** as the cars had been purchased on the Hire system and had not been fully paid for.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— **Mis. 157/35** *C* Division.
Hongkew Police Station.
22nd. March 19 **35**

Diary Number:— **2 (2)** Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

Mr. Hui Kuo, (雷对根) through the medium of his legal adviser advised the head, Chien Ben Hoo of his action.

All items reported stolen have now been accounted for,

[Signature]
Senior Det.

[Signature]
D. S.

D. D. O. *C* Div.

noted,
[Signature] 23/3/35

[Signature]
MAR 23 1935

D.6599

FEDERAL MUNICIPAL POLICE
S. M. REGISTRY.

No. D 15.09

Date 3/23/35

March 23, 1935.

North China Garage - situation

The 30 chauffeurs of the North China Garage, 108 Nanjing Road, who have been staying since March 20 in the house of Zien Wen-hao (錢文豪), Manager of the Garage, at Lane 222, No.20 Avenue du Roi Albert, with the object of pressing their demands for the immediate issue of wages in arrears as well as the return of their guarantee money, left the place on March 22, as Zien had not put in an appearance. An attempt made by lawyer Chen Muir-sien (陳懋宣), in his office at No.430 Chekiang Road, on the afternoon of March 22, to mediate in the dispute proved unsuccessful as neither the manager nor a representative attended.

March 23, 1935. Morning Translation.

Sin Wan Pao and other local newspapers :-

CHAUFFEURS OF NORTH CHINA GARAGE ON GO-SLOW STRIKE

The North China Garage on Nanzing Road has 50 motorcars and employs over 70 chauffeurs. The garage has six sub-stations throughout the International Settlement and the French Concession.

Owing to poor business, the garage has not yet issued the wages of the chauffeurs for this month. Later the chauffeurs submitted a demand for the refund of the \$50 cash security which they had deposited with the management but as the management was unable to refund the money, the chauffeurs went on a go-slow strike on March 21.

Subsequently the management promised to refund the security by instalments. Most of the chauffeurs have accepted the proposal. A committee has been organized by the management and chauffeurs to deal with the dispute. The dispute will be settled in the near future.

D 6598

S

Sin Wan Pao and other local newspapers :-

WORKERS OF KWONG SANG HONG PERFUMERY FACTORY ON STRIKE

The Kwong Sang Hong (廣生行) Perfumery Factory at the corner of Tongshan and Paoting Roads employs 30 male workers and over 100 female workers. Recently these workers organized a labour union. Through some misunderstanding, two workers, who are members of the preparatory committee of the union, were dismissed on March 20. Yesterday morning while a worker named Lieu Sz Lien (劉汝廉) was about to leave the factory, he was arrested by the police.

At 7 a.m. yesterday the workers went on strike as a protest and detailed five representatives to make an appeal to the local Tang and the Bureau of Social Affairs. Officials have been detailed to make an investigation into the dispute and to fix a date for the holding of a mediation meeting.

D 6603

X

Sin Wan Pao and other local newspapers :-

ONLY FIVE SILK FILATURES IN OPERATION IN SHANGHAI

When the silk trade was in a flourishing condition there were 113 silk filatures operating in Shanghai. Owing to the dumping of Japanese silk in Europe and America, the Chinese silk trade has declined with the consequence that many silk filatures have had to suspend operations.

D 2266

J

X

△

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

6599
1935

CRIME REGISTER No:— Mis. 157/35

"C"
Hongkew Division.
21st. March Police Station 35
1935

Diary Number:— 2		Nature of Offence:—	
Time at which investigation begun and concluded each day	5 p.m. - 7 p.m. 21-3-35	Places visited in course of investigation each day	General Enquiries

RECORD OF INVESTIGATION.

Complaint by North China garage employees

At about 4-45 p.m. 19-3-35 D.S. Siore and C.D.C. 143 of the Lu-ka-wei, French police station brought the following persons to this station :-

- (1) Tong Chan Si. (王振呆) Accountant
- (2) Ho Chong Foo. (何仲甫) Mechanic.
- (3) Yao Chuan Fah. (姚在芳) Chauffeur.
- (4) Tong Mei Tao. (王美桃) Chauffeur.
- (5) Chien Yuan Sz. (钱元氏) Mechanic.

The first four described persons are connected with the North China garage, with head offices at No. 7 Nanzing Road, and as they had legal complaint with the French police, and it was found that the affair was the concern of the International Settlement, they were brought to this station.

Enquiries by the undersigned and C. D.S. 61 elicited the following :-

On the 18th. March 1935, the North China garage owing to financial difficulties had to suspend business, and in view of this the 72 chauffeurs employed, on the 19-3-35, detailed four representatives to negotiate with the head of the firm one, Chien Yen Heo. (钱文毫) for the return of \$3,600, which sum represented guarantee money paid by the chauffeurs to the firm on their joining the company. The meeting took place at 9 p.m. 19-3-35 at the "Hu Shang" (沪商) at No. 104 Kweichow Road, when

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—Misc. 157/35.

..... Division.

..... Police Station.

..... 19

Diary Number:— 1. (2)

Nature of Offence:—

Time at which investigation began and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

Chien Wen Meo (钱文墨) admitted liability, wrote a statement to that effect, and promised that on the 10/4/35, he would obtain shop guarantee for the entire amount.

On the 20/3/35, the 72 chauffeurs proceeded to the home of Chien Wen Meo, at No. 20 - Lane 222 - Avenue du Roi Albert, French Concession and finding that he was absent caused a commotion which resulted in all being taken to the French Police Station. All were cautioned and released and they returned to the home of Chien Wen Meo, where all slept the night. The French Police had detailed detectives to watch this address, and on the 21/3/35 when the 72 again made trouble they were again taken to the French Police Station. This resulted in the 5 persons mentioned on Page No. 1, being brought to this station.

It has been ascertained that Chien Wen Meo (钱文墨) has not absconded but has appointed a lawyer one, Chen Meo Shuen (陈懋宣) with offices at No. 430 Chekiang Road, (Telephone 90914) to settle the matter.

This lawyer was communicated with and agreed that he was acting for the head of the garage. He also stated that since the 19th March, 16 of the Company's cars had been taken away by chauffeurs of the North China Garage, presumably to be held until the matter

From French Concession Garage.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— *Misc. 357/35.* *Division.*
 *Police Station.*
 *19*
 Diary Number:— *1 (3)* Nature of Offence:—

Time at which investigation began and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

is settled. This has been reported to the French Police.

The lawyer has made an arrangement that on the 22nd March 1935, two of the chauffeurs representatives interview him so that the matter may be settled amicably.

R. Sel
D.S.

S. D. 1/35

*noted and included
in J.R. 21. 3. 35*

NG 22/3/35

D.D.O. "C"

Officer i/c Special Branch.

File

D.6599

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6599
Date 22/3/35

March 22, 1935.

North China Garage - Situation

Some 30 chauffeurs of the North China Garage, 108 Nanzing Road, which closed down on March 19 owing to financial difficulties have been staying since March 20 in the house of Zien Wen Hao (錢文豪), Manager of the garage, at Lane 222, No. 20 Avenue Du Roi Albert, with the object of pressing their demands for the immediate issue of wages in arrears as well as the return of their guarantee money. This garage in addition to branches in the French Concession and the head office at Nanzing Road, has a branch at No.1 Pingliang Road.

SHANGHAI MUNICIPAL POLICE
S. S. TELETYPE
No. D 6599
Date 21/3/35

March 21, 1935.

Labour (4)

North China Garage - suspends business

116599
Owing to financial difficulties, the North China Garage, 109 Nanjing Road, has suspended business since March 19. Consequently the 70 chauffeurs who are thus affected are pressing the manager of the Garage for the immediate issue of wages in arrears as well as the return of their guarantee money.

ROAD TO SHANGHAI

BY KONIKOS

Shanghai's reputation as a "sink of iniquity" has been given another fillip by Henry Champly's recent book, "The Road to Shanghai". It purports to show, on lines somewhat similar to Albert Londres' "The Road to Buenos Aires", that there exists a definite and organized traffic in white women from Europe to China, where the women are sacrificed to the lusts of the yellow men. Albert Londres, who perished so tragically in the disaster to the Philippiar in the Red Sea, was the inspirer of the book, according to the author. He resigned whatever rights his previous inquiry into the white slave traffic to South America might have given him to M. Champly, and metaphorically passed him his mantle. The result can be received how you like. If you are one of those who look for insults to this "model settlement" in order to deny them and show how baseless they are, then you will find plenty of material here for you to work upon. If you are one of those who listen to stories like this one with a quizzical lift of the eye-brow, there is plenty of exercise for the eye-brow muscles provided. Either way, the book is attractive reading on a very sordid subject. The author tells his experiences, besides his inquiries from London across the East, to this city. He repeats conversations. He draws vivid pictures of haunts of vice. He tells the story of some of the girls he has chatted with. And if, after reading them, you feel inclined to smile at the author's credulity, you can do so without any harm to anybody concerned.

The book opens like this. There is a description of cabaret life in Mukden. In the course of the conversation a lovely cabaret girl is asked where she wants to go. "To Shanghai!" she cries, all enthusiasm. What the company think of Shanghai can be learnt from the following extracts:—

"Shanghai. Really it's just like the Biblical Babylon. The spells of money are woven there all the time: banking, banco, speculation, smuggling, war. And then, to put the profits back into circulation, there's this essential traffic—the traffic in women."

"You would be helping the efforts of our administration to prevent the motto of the French Settlement (sic) from becoming: 'One Frenchman less, one Frenchwoman more'."

To this Babylonish citadel in which we live gravitate all the elements that are bad. They gather here, one learns from the author, for the delectation of the yellow race that loves to take its pleasures at the expense of the humiliation of the whites. And the book tells how they meet here.

The first inquiry is, of course, whether there is a road for women from Paris to the Far East. The author says there is, and sets to work to prove it. One may perhaps

be pardoned the comment that, if there is, it is not much travelled, since there are hardly more than half a dozen Frenchwomen in Shanghai who habitually follow the oldest profession. However that may be, the author discovered the road—and followed it. He found the first traces of it somewhere between a café in Paris and a barber's shop, and he verified the traces in the offices of high officials, where he was treated to information about every conceivable subject except the one he was asking about. In Marseilles he found more to spur him on his quest. On the boat to the Far East his worst fears were confirmed; he was sure there was a "road."

On arrival at Singapore the author embarked upon what he calls the "Southern Round." Singapore he criticizes as being "wide open" and "hypocritical." The "Southern Round" includes Malaya, Siam, the Netherlands East Indies, and French Indo-China. Here are some of his conclusions:—

"These worthy coloured men have... learnt from us the power of banknotes. They have their coffers bursting with them. They address themselves to Anglo-Saxon agents, generally, who negotiate the buying and selling of all kinds of merchandise for them."

"Please, Mr. Brown, can you get me a white madame?"
"Yes, sir, all right!"

"The imperturbable middleman transmits the order. The only thing he avoids asking for is a respectable English or American girl. He suggests, instead, the dispatch of a French girl, depraved, in his eyes, from birth."

"So, especially from Paris, in the opposite direction to the road to Buenos Aires, is traced the quite new road to the Far East, the Road to Shanghai. This route of prostitution is, no doubt, not yet so frequented as the American one. Those who pass along it, as yet, are fewer. But it exists. Women do pass along it; and their number is growing. For their appeal—a 'sex appeal' if ever there was one—swells in volume, proclaimed in the 'pidgin' and all the other dialects of the Asiatic Babel."

The accuracy of this summary can be left to the judgment of anyone who has had experience in the Far East. It may be as well to jump the author's investigations in Hongkong—which he treats unkindly on account of the *mu tsais*—Canton, and other ports in the south, and reach "Shanghai the unique, Shanghai the stupendous! Shanghai, with all its majesty, all its medley, all its parti-coloured pleasures—Shanghai, city whose romance has become legendary, but which still remains blacantly realist", as the author describes us. That preliminary description should be enough to enable the reader to gauge the extravagance or otherwise of M. Champly's conclusions about this city. What the author has to say about Shanghai is well worth reading. It is really entertaining. Among those who, however, date their acquaintance with this port back to the time when princesses were to be garnered in cabarets

for no more than a request for their past history, it may seem a trifle surprising that M. Champly accepted with such alacrity everything that he was told. There is hardly an old hand here who could not re-tell some tales of hardship and fall from high estate spun over a "bottle of wine" in the early hours of the morning. But the difference between an old hand and a fleeting investigator is that the old hand, after hearing the story a score or more of times, becomes a little sceptical, though he has no objection to hearing it all over again.

In many of the stories M. Champly chronicles there is just sufficient truth to make the complacent resident of this port a little uneasy. The tragedy of the position of Russian women here has been emphasized in official reports to the League of Nations and in the press of the world time and again. Individual stories of the experiences of women who have been forcibly ejected from their homes and have had to face the world without any help—women who may have sunk very low in their attempt to save themselves from sinking out of sight altogether—can be harrowing. They can be just as harrowing anywhere else in the world, however,—Paris, Berlin, London, or New York. There is nothing in them to show that unique and stupendous Shanghai is to blame.

What of the night life here? Some of the description will come as a surprise to many. Here is the story of one of the women M. Champly interviewed.

"Katia was educated at the French convent in Harbin, she's often let it be understood that she is a Parisian; and in that case, with the Chinese of nowadays, a white woman is worth three times as much..... As soon as she arrived in Shanghai, Katia was taken on at once in the dearest brothel here, in Rue Lafayette in the French Concession..... It is a discreet little hotel. The owner is an American woman. No women live in the house. Everything is arranged by telephone. The lowest price is fifty dollars. The clients are mostly Chinese business men, bankers, and politicians from Nanking..... They can always pay. Besides, they're tactful; they don't ask questions.... In Rue Lafayette she spent an hour with Mr. W., a very rich English Jew. He'd inherited some of the finest property in Bubbling Well. He was so smitten with her that he signed a cheque for forty thousand dollars for her on the spot. Then he set her up in a swell hat shop."

The extract can go without comment, save that the very wealthy English Jew, if he has been nipped in the present depression, must now be regretting his generosity. And also, that if the "sugar daddies" of Shanghai are so profuse with their dollars, there should be no need to organize a traffic in women. Every woman of loose morals would flock to the city in the hope of duplicating Katia's luck; and in that case, what happens to the "Road to Shanghai"?

Dec 22 1935
 1883
 File
 25 MAR 1935

Report sent with _____ pamphlets, handbills or newspapers to Special Branch.	
Where found	Time found
Character of place where found, (industrial, residential, respectable or doubtful neighbourhood).	
Near School, Factory, Military Camp, Mill etc.	
How distributed? (If known).	
Nature of Document. (Communist or Anti-Government etc).	
Arrests or not, if so how many?	
Class of man arrested? (Student, coolie, mill worker etc.)	
Charged under what Section of C.C. Code?	

Signed J. Kungur
for C. I. etc. i/c. _____ Station.

Date _____

Report sent with <u>one</u> pamphlets, handbills or newspapers to Special Branch.	
Where found <u>Secui Road.</u>	Time found <u>8 a.m.</u> Date <u>25/3/35.</u>
Character of place where found, (industrial, residential, respectable or doubtful neighbourhood).	<u>Industrial</u>
Near School, Factory, Military Camp, Mill etc.	<u>Mill</u>
How distributed? (If known).	<u>---</u>
Nature of Document. (Communist or Anti-Government etc).	<u>Communist</u>
Arrests or not, if so how many?	<u>---</u>
Class of man arrested? (Student, coolie, mill worker etc.)	<u>--</u>
Charged under what Section of C.C. Code?	<u>---</u>

Date 25/3/35.

Signed John Coghlan
D.S. I.
for C. F. etc. i/c. Yangtzenoo Station.
25/3/35

F. 439 Inst. 12-31.
T.H. 1000-12-31.

MUNICIPAL POLICE
S. B. REGISTRY.

Report sent with Special Branch.		One copy	pamphlets, handbills, etc. referred to		
Where found		Y'poo Road near Chamulpo Road.	Time found	3.40. pm	Date 25-3-35.
Character of place where found, (industrial, residential, respectable or doubtful neighbourhood).		Industrial.			
Near School, Factory, Military Camp, Mill etc.		Mills.			
How distributed? (If known).		Found pasted on electric pole by Inspector Fu Ping Yi.			
Nature of Document, (Communist or Anti-Government etc).		Communistic.			
Arrests or not, if so how many?		--			
Class of man arrested? (Student, coolie, mill worker etc.)		--			
Charged under what Section of C.C. Code?		-- <i>Summarized translation of copy of attached handbill was furnished on 25.3.35.</i> <i>Recd 24/3</i>			

S.B. Roy *to make file plain*
J.M.P.

Date March 25th, 1935.

Signed *J. Knight*
for C. I. etc. Yulin Road Station.

D.6603

SHANGHAI MUNICIPAL POLICE
S. D. REG. OFF.
No. <u>D 6603</u>
Date <u>12. 4. 35</u>

April 12, 1935.

Kwang Sung Hong Toilet Articles Factory
- agitation by discharged workers

Twenty-five workers of the Kwang Sung Hong Toilet Articles Factory, 835 Tongshan Road, who were recently discharged for being agitators (Vide I.R. 27/3/35) are endeavouring to secure reinstatement by soliciting the assistance of the Bureau of Social Affairs. The authorities have decided to mediate in the dispute to-day, April 12.

RECEIVED
SECRETARY
No. D 6603
Date 29, 3, 35

March 29, 1935.

Labour

D 6603

Kwang Sung Hong Toilet Articles Factory - Intimidation

At 7 a.m. to-day, March 29, twenty-five dismissed female hands of the Kwang Sung Hong Toilet Articles Factory, 835 Tongshan Road, attempted to prevent the employess of the factory from entering the concern. The intimidators dispersed upon the arrival of the Police, and the situation in the factory in now normal.

Sixteen new female workers have now been engaged to replace the dismissed hands.

Hung Shing Tai Shoe Shop - Strike ended

The nineteen shoemakers of the Hung Shing Tai Shoe Shop, Lane 49, No.10 Wenchow Road, who ceased work on March 23, as a protest against the dismissal of four of their colleagues for agitating for an increase in wages (Vide I.R. 25/3/35), resumed unconditionally on March 28. The four dismissed hands were reinstated on condition that they ceased to instigate further agitation.

Tai Foong Canned Goods Factory - ex-workers appeal to Chinese authorities

On the morning of March 28, six Chinese claiming to be representatives of the ex-workers of the Tai Foong Canned Goods Factory, 21 Ferry Road, O.C.L., appealed successively to the Bureau of Social Affairs and the local Kuomintang for negotiation with the management to reopen the factory, and supply food to the workers prior to the reopening. The petitioners further requested that the Management be asked to issue retiring gratuities equivalent to two months' pay to the workers should the factory close down completely.

SHANGHAI MUNICIPAL POLICE.

No. D
Wayside Station,
Date March 28th 1935

Further REPORT

Subject (in full) Re Trouble at the Kwong Sung Hong Perfumery Factory, 835 Tongshan Road.

Made by D.S. MacLennan, Forwarded by Simons o/c

Sir,

At 8a.m. 28-3-35, the management engaged sixteen new female permanent workers, who commenced work in the factory from time of engagement.

At about 1p.m. 28-3-35, two of the male strikers named Woo Sau Tseu (胡女舟) dismissed on 13-3-35, and Wong Hong (王洪) (absent since 22-3-35) returned to the factory and removed their bedding. Woo Sau Tseu accepted his wages due, but Wong Hong, on being notified that he was dismissed as from 22-3-35, refused to accept his wages due. Both men then left the factory.

The situation otherwise is as on yesterday's report.

Information by C.D.C. 75.

I am, Sir,

Yours Obediently,

D.S. MacLennan

D. S.

Sen. Det. i/c.

D. D. C. "D".

O. i/c Special Branch.

28 3 35

KI

[Handwritten initials]

FORM 2
G. C. 0.000 1.35

SHANGHAI MUNICIPAL POLICE

S. B. REGISTRY

Mis. File No. 96/35

SHANGHAI MUNICIPAL POLICE. No. D

W. S. Station, 1

Further REPORT

Date... March 27th, 19 35.

Subject... Re Trouble at the Kwong Sung Hong Perfumery Factory, 835 Tongshan Rd.

Made by... D.S. MacLennan,

Forwarded by... *Lin and O/C*

Sir,

Two of the twenty five female strikers, referred to in report of yesterday (26-3-35) returned to the factory at 7.40a.m. to-day (27-3-35), and intimated to the manager that they (two) wished to resume work. At this juncture, several female non-strikers approached the manager and warned him that if he allowed these two female strikers, whose names are Ling Mei (林妹), Ningponese and Siau Kung (小姑) Cantonese, or any of the other twenty three female strikers to resume work, they (workers) would refuse to work. The manager therefore paid these two females (Ling Mei and Siau Kung) their wages due, and dismissed them, whereupon they both left the factory.

In view of the workers attitude, the Manager has decided to dismiss the remaining twenty three female strikers, should they return.

No further trouble occurred at the factory to-day, the number of employees absent being as on yesterday's report, work being functioning as usual.

I am, Sir,

Yours Obediently,

D. M. MacLennan

D. S.

9.28 3 35

H.C.

Sen. Det. i/c.

D. D. O. "D".

O. i/c Special Branch.

File
J.P.S.

25 MAR 1935

SHANGHAI MUNICIPAL POLICE

Wayside Station, 1-2

Further REPORT

Date March 26th, 1935.

Subject Re Trouble at the Kwong Sung Hong Perfumery Factory, 235 Tongshan Road.

Made by D.S. MacLennan, Forwarded by *H. Simons, I/c*

Sir,

At 7.40a.m. 26-3-35, a telephone message was received from C.P.C. 1859 to the effect that further trouble was taking place at the above factory.

S.I. Salt and C.D.S. 91 immediately attended and found some twenty five female workers, standing at the entrance gate, attempting to incite other female workers to strike and refusing to allow them to enter.

On arrival of S.I. Salt and C.D.S. 91, two of these female strikers intimated that they wished to discuss the situation with the Manager. S.I. Salt accordingly notified the Manager and he agreed to interview the two females, who were then brought into the factory office.

These two female workers whose names are Tsu Yue Dee (朱月弟) and Mi Siang (梅香) stated to the Manager that the reason why they and the other females were on strike was on account of the dismissal of the two male workers, Jan Fei Tsong (阮飞松) and Woo Sau Tsei (伍守才) (See original report, page 1), and should these two workers be re-engaged, all females would resume work.

The manager stated that he would, under no circumstances, re-engage these two men, but that he had no objections to the female strikers resuming work, should they wish to do so.

The two said females then stated that they would not work and left the office. They were joined at the entrance gate by some twenty three female strikers with whom they departed.

According to the Manager, the number of employees absent today are twenty five females and the six males referred to on report dated 23-3-35.

[Signature]
S.D. I/c

D.D.O. "D". *File*
O. I/c Spe. Br. *[Signature]* *27-3-35*
D.M. MacLennan
D. S.

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE

Misc. File No. 35/35

D 66

Further REPORT

Wayside Station

Date March 25th, 1935.

Subject. Re Trouble at the Kwong Sung Hong Perfumery Factory, 835 Tongshan Rd.

Made by D.S. MacLennan,

Forwarded by *Signature o/c*

Sir,

At 8a.m. 25-3-35, a telephone message was received from C.D.C 75, on duty in the vicinity of the above factory, reporting that a large number of females were standing outside the entrance gate

D.S. Wittinsky and C.D.S. 87 immediately attended and found some 40 females, surrounding the entrance gate, at that time not being instigated by any worker to refuse to work.

D.S. Wittinsky returned to the Station, leaving C.D.Cs 75, 334 and 241 in the vicinity.

At 9.45a.m. (25-3-35), a further telephone message was received from C.D.C. 75 to the effect that some female workers were preventing other female workers from entering the factory.

Insp. Phillips, D.S.I. Hill, and the undersigned immediately attended and found some 50 female employees standing quietly at the entrance gate.

It was learned from C.D.Cs 75, 334 and 241 that at about 9.45a.m. (25-3-35), several female workers attempted to enter the factory to resume work, but were prevented from doing so by about 10 other female workers, who stood at the entrance gate, and pushed the others back with their hands. The C.D.Cs pointed out two of the said 10 females named Woo Dzung Sz (何德女) 27, Canton, married, 571 Paoting Rd, and Zung Woo Zee (洪玉珍) 21, Wusih, single, 5 Tongshan Rd, whom they actually witnessed assaulting two female workers who insisted on entering, with their hands. These two assailants were taken inside the factory where they were identified by 2 female workers named Tsao Yang Sz (曹楊氏) 33, Canton, and Zung Wang Sz (洪王氏) 29, Haimen, as having assaulted them with their hands, whilst attempting to prevent them from entering the factory. The two complainants,

SHANGHAI MUNICIPAL POLICE.

Misc. File No. 96/35

REPORT

Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

- 2 -

who were suffering from very slight scratches on their hands, were taken to the Station together with the two female assailants.

On being questioned in the Station, the two assailants admitted that at about 7.30a.m. (25-3-35), they returned to the factory, undecided as to whether they would resume work, their intention being to discuss the situation with other female workers.

On arrival at the factory, they were approached by seven or eight other female workers, who instigated them to refuse to work, and to prevent all females from entering the factory in view of the dismissal of the two men, who instigated the movement re the formation of the union and to whom they (two assailants) had each paid \$1.00 in respect of same.

They (two assailants) and the other 7 or 8 instigators therefore stood at the factory entrance gate, and obstructed all female workers from entering. At about 9.45a.m. (25-3-35) the two complainants and several other female workers insisted on entering the factory with the result that they (inciters) forcibly prevented them from doing so, striking some of them, including the two complainants, with their hands.

The two complainants refused to take any action against the two females, and the factory manager Wong Wai Pong, likewise stated that he did not wish any action to be taken against them.

The manager and four females were then taken by D.S.I. Hill and the undersigned to the office of the D.O., where they were questioned by Mr. Yorke, D.O., who, after questioning them, instructed that the two assailants be cautioned and released.

SHANGHAI MUNICIPAL POLICE.

REPORT

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- 3 -

The manager intimated that he was willing to allow the two assailants to resume work in the factory, but they refused to do so and after being cautioned and promising not to create any further trouble, they were released.

The manager conveyed the 2 complainants, who refused to attend hospital, back to the factory in his motor car.

At 11.30a.m. (25-3-35), the undersigned proceeded to the factory and found all quiet, there being no employees standing at the front entrance gate, and work in the factory was proceeding as usual, despite the absence of employees as undernoted.

It was ascertained from the management that the correct number of females employed is 150. Of this number, 91 are working, the remaining 59 having failed to resume work to-day.

The correct number of males employed is 67, who are all working with the exception of the six named on report dated 24-3-35, who have been absent since 22-3-35.

Two G.P.Cs and two C.D.Cs are posted in the vicinity.

I am, Sir,

Yours Obediently,

D. M. MacFarlane

D. S.

Sen. Det. i/c.

D. D. O. "D".

Officer i/c Special Branch.

Sh. 25/26.3.35

File

AKP

25 MAR 1935

SINGAPORE MUNICIPAL POLICE
S. D. EGLITAY.
No. D
March 27, 1925. 1

Labour (2)

Kwang Sung Hong Toilet Articles Factory - Situation

D6603
Fifty-eight male hands and 125 out of 150 female workers of the Kwang Sung Hong Toilet Articles Factory, 835 Tongshan Road, are operating as usual this morning, March 27. The remaining twenty-five females who have failed to resume since March 23, as a protest against the dismissal of two of their colleagues, were discharged to-day by the Management.

On the morning of March 26, two of the female strikers interviewed the Manager and requested that the two dismissed male hands be reinstated. This demand was rejected, whereupon they withdrew.

1st District Rubber Trade Workers' Union

Forty members of the 1st District Rubber Trade Workers' Union met at 3 p.m. March 26, in their office, 25 Sien Mien Sz Loong, Nantao. Zao Mei-ling (趙茂林), a committee member, reported to the attendance that a petition was recently submitted by certain unemployed workers in the trade to the local Tangpu, charging the committee members of the body with misappropriation of Union funds. After some discussion, it was decided that an explanation in refutation of the accusation be submitted to the Authorities, and that the members be urged to watch the activities of the persons responsible for the agitation. It was also resolved that the Bureau of Social Affairs and the local Tangpu be asked to bring about a settlement of the dispute in the Great Shanghai Rubber Factory, Nantao, regarding the reinstatement of dismissed hands.

SHANGHAI MUNICIPALITY
S. I. REGISTRY
No. D 1007
Date 1/1/1936

March 26, 1936.

Labour

Nyi Yuen Rubber Factory - Situation

In connection with the demand of the workers of the Nyi Yuen Rubber Factory, 920 Tongshan Road, for the issue of wages due to them (Vide I.R. 25/3/35), mediation was conducted by a staff member of the Bureau of Social Affairs at 9 a.m. March 25, but without result.

Kwang Sung Hong Toilet Articles Factory - Situation

Of the forty female workers of the Kwang Sung Hong Toilet Articles Factory, 835 Tongshan Road, who ceased work on March 23, as a protest against the dismissal of two of their colleagues, fifteen resumed this morning, March 26. 125 female, and 58 male hands are working to-day.

The two intimidators who were arrested by the Police at 10 a.m. March 25, were released at 11 a.m. the same day.

Candle Makers' Union - requests Chinese Authorities to suppress activities of ex-workers

The Shanghai Municipality Candle Makers' Union, with an office at No.3 Chi Yuen Fang, Chao Chow Road, City, submitted a petition to the local Kuomintang on March 25, requesting it to ask the Bureau of Public Safety to suppress the activities of a number of ex-workers of the trade, who are agitating against the Union and attempting to form a new organization.

-116478

SHANGHAI MUNICIPAL POLICE.

Wayside Station, 1-

Further REPORT

Date: March 24th, 1935.

Subject: Re Trouble at the Kwong Sung Hong Perfumery Factory, 835 Tongshu Road.

Made by: D.S. MacLennan,

Forwarded by: *MacLennan*

Sir,

At 8a.m. 24-3-35, C.P.C.'s 434 and 901 brought to the Station two male employees of the above factory named Wong Hong (黃洪) and Lieu Sz Wei (廖士威) whom they arrested at the front entrance gate of the factory at the instigation of the factory accountant named Kyng Ping Sung (金炳生), who informed the C.P.Cs that these two workers were attempting to incite the female workers to stop work.

Enquiries by C.D.Ss 283, 306 and the undersigned reveal as follows:

The two workers Wong Hong and Lieu Sz Wei were brought with one other worker, Lieu Zu Lee, to the Station on 22-3-35 for obstructing the female workers from entering the factory on the morning of 22-3-35. They were released on that date, being cautioned against further trouble and promised to resume work at the factory, but they failed to do so on 22-3-35 and 23-3-35. Three further male workers named Ling Ming Sung (林明成), Kun Sing Zien (甘成英) and Wei Siau Chuen (衛少泉) have also been absent from the factory since about 8a.m. 22-3-35 (see reports dated 22 and 23-3-35).

Wong Hong and Lieu Sz Wei, when questioned, today, stated that they now both reside at 18 Ong Su Lee, Haining Road. At about 7.30a.m. to-day (24-3-35), they both returned to the factory with the intention of resuming work, but on arrival found two other employees named Lieu Zu Lee and Wei Siau Chuen, named above, and were requested by them not to work and to incite the female workers who arrived at the factory to do likewise, Lieu Zu Lee and Wei Siau Chuen then departed. Wong Hong and Lieu Sz Wei remained near to the front entrance gate with the intention

SHANGHAI MUNICIPAL POLICE.

Station,

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Made by..... Forwarded by.....

- 2 -

of inciting the workers on arrival not to work. At about 7.45a.m. (24-3-35), five unknown female workers arrived at the front entrance gate, but were requested by them, "To refuse to work", and they (five females) obeyed and went away.

A few minutes later, another female named Vung Yeu Ching (Vung) arrived at the front entrance gate and was requested by them not to work, but this female refused to obey and entered the factory.

C.P.C. 901, who was on duty in the vicinity of the front entrance gate, stated that he had observed five females approach the entrance gate and speak to the two workers Wong Hong and Lieu Sz Wei, after which the five females went away. This C.P.C. states that although he heard the conversation, he did not understand same, being spoken in Cantonese. A few minutes later, C.P.C. 434, who was on patrol in that area arrived at the scene and he, together with C.P.C. 901, observed the female Vung Yeu Ching approach the factory entrance gate and join in conversation with Wong Hong and Lieu Sz Wei, but they (C.P.Cs) could not understand the conversation.

The female, Vung Yeu Ching, then entered the factory, after which the accountant, Kyung Ping Sung, came out and requested them (C.P.C's) to bring the two men to the Station, which they did. The two C.P.Cs state that they did not see any violence being used, but noticed the two men wave their hands, whilst speaking to the females, and when the female, Vung Yue Ching, entered the factory, the two men did not attempt to forcibly prevent her from doing so.

The female, Vung Yeu Ching, when questioned, stated that

SHANGHAI MUNICIPAL POLICE.

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Made by..... Forwarded by.....

- 3 -

the two men had requested her not to work, waving their hands as they did so, but she ignored their request and entered the factory where she informed the said accountant. The whereabouts of the other five female workers who turned away from the factory, when requested to do so by the two men, are unknown.

At 8.20a.m. (24-3-35), a telephone message was received from the above factory, reporting that trouble had been created there. C.D.Cs 257 and 334 attended and ascertained that the trouble had been created by the said two men, who were already in the station.

It was learned from the manager that about fifty female workers failed to resume work this a.m. These females, according to the manager, have decided to keep away from the factory until conditions are normal again.

D.S.I. Bonner was acquainted with the facts of this case, and he instructed that the two workers should be severely cautioned against further trouble and released and this was accordingly done, the two workers being released at 12.15p.m. 24-3-35.

C.D.Cs 257, 334 and two C.P.Cs are posted in the vicinity of the factory.

I am, Sir,

Yours Obediently,

D.M. MacFarlane

D. S. 10.

Sen. Det. i/c.

D. D. O. "D".

Officer i/c Sp. B.

J. G. 25.3.35
25 MAR 1935

March 25, 1935.

Labour (4)

Mei Kong Silk Weaving Factory - Unrest

A dismissed worker of the Mei Kong Silk Weaving Factory, Lane 25, No. 4 Haichow Road, accompanied by ^{other} six/hands of the concern, who are agitating against a reduction of 10% in their wages, attempted to prevent the workers in the factory from carrying on their duties at 7 a.m. March 23. On the refusal of the latter to stop work, a fight ensued between them. Police were called to the scene and two of the trouble makers were arrested. Work was then resumed at 8.30 a.m. The arrested persons were subsequently released.

Following the trouble, the management notified the operatives that anyone willing to work at the reduced rate of pay should register with the pay office. In consequence, 96 out of the 132 workers registered on March 23.

The six workers responsible for the agitation have been dismissed by the management.

Kwang Sung Hong Toilet Articles Factory - situation

The forty female workers of the Kwang Sung Hong Toilet Articles Factory, 835 Tongshan Road, who walked out on March 23 as a protest against the dismissal of two of their colleagues, appeared outside the factory at 7 a.m. March 25, and prevented the operatives from entering the factory. In consequence, only some 40 out of 150 females have reported for duty, while the 58 male workers are working as usual. Two of the intimidators were arrested by the Police at 10 a.m. March 25.

D6603

March 25, 1936.

Labour (5)

On March 24, only 60 out of 210 male and female hands attended, and two male workers were arrested on March 24 at the entrance of the Factory for endeavouring to incite the female workers to walk out. These two workers were subsequently released.

II 6603
MART

No. D. 112
Date 24/3/33

2

March 24, 1935.

Morning Translation.

Eastern Times :-

FILTH THROWN AT A FOREIGNER

At about 10 a.m. yesterday a foreigner named Watson, chief of the pipe installation department of the Shanghai Gas Company on Thibet Road, left his office to attend to certain work. While he was about to board motorcar belonging to the company, a person threw a packet of ordure in his face and made good his escape.

It is reported that several days ago Watson dismissed 20 foremen and workers of the pipe installation department of the company. It is suspected that the ordure had been thrown by one of the dismissed workers as an act of revenge.

Sin Wan Pao and other local newspapers :-

LABOUR DISPUTE IN THE HWA FOONG FLOUR MILL SETTLED

With reference to the labour dispute in the Hwa Foong Flour Mill on Ferry Road, the Bureau of Social Affairs held a mediation meeting yesterday at which representatives of the employers and employees were present. The following decisions were reached:-

- 1) That the management make arrangements for the re-opening of the mill and provide food to the clerks and workers of the mill during the period of suspension of operations.
- 2) That workers continue the delivery of goods from the mill and that the management issue to the employees all arrears (three months) of their pay.

CORRECTION

The Sin Wan Pao publishes the following letter from the Manager of the Kwong Sang Hong Perfumery Factory on Tongshan Road :-

On March 23 your paper published a report supplied by the Dah Kung News Agency to the effect that workers of this factory went on strike on the morning of March 22. This report is untrue. On the morning of March 22 two dismissed workers attempted to prevent the male and female workers from entering the factory and a minor dispute took place. However, as a result of efforts made by this factory, the dispute was settled. All male and female workers of this factory are attending work as usual and no strike has been declared by them. I request your paper to insert this letter.

D.6603.

SHANGHAI MUNICIPAL POLICE
S. M. REGISTRY.

No. D 1613

Date 1 1 1

March 23, 1935.

Morning translation

Sin Wen Pao and other local newspapers.

WORKERS OF KWONG SANG HONG PERFUMERY FACTORY ON STRIKE

The Kwong Sang Hong (廣生行) Perfumery Factory at the corner of Tongshan and Paoting Roads employs 30 male workers and over 100 female workers. Recently these workers organized a labour union. Through some misunderstanding, two workers, who are members of the preparatory committee of the union, were dismissed on March 20. Yesterday morning while a worker named Lieu Sz Lien (劉汝廉) was about to leave the factory, he was arrested by the police.

At 7 a.m. yesterday the workers went on strike as a protest and detailed five representatives to make an appeal to the local Tangpu and the Bureau of Social Affairs. Officials have been detailed to make an investigation into the dispute and to fix a date for the holding of a mediation meeting.

SHANGHAI MUNICIPAL POLICE
A. B. REGISTRY
D. 6603
Date 23 / 3 / 35

March 23, 1935.

Labour

North China Garage - situation.

II 6590
S

The 30 chauffeurs of the North China Garage, 108 Nanzing Road, who have been staying since March 20 in the house of Zien Wen-hao (錢文豪), Manager of the Garage, at Lane 222, No. 20 Avenue du Roi Albert, with the object of pressing their demands for the immediate issue of wages in arrears as well as the return of their guarantee money, left the place on March 22, as Zien had not put in an appearance. An attempt made by Lawyer Chen Muir-sien (陳慕先), in his office at No. 430 Chekiang Road, on the afternoon of March 22, to mediate in the dispute proved unsuccessful as neither the manager nor a representative attended. X

Kwang Sung Hong Toilet Articles Factory - partial walk out

II 6603

Some forty out of 150 female casual workers and six out of 58 regular workers of the Kwang Sung Hong Toilet Article Factory, 835 Tongshan Road, failed to turn up for work this morning. It is believed that these workers walked out as a protest against the dismissal of two of the male workers on March 18 for unsatisfactory work and an attempt to organize a union. At 7 a.m. March 22, the six workers attempted to prevent hands from entering the factory and to persuade them to accompany the agitators to the Bureau of Social Affairs to make an appeal. A number of hands returned to their homes, however, while the remainder waited at the gate. Police were called in and three of the trouble-makers were taken into custody, whereupon the workers waiting outside, entered the factory and commenced work, one hour and a half late. The arrested men were later released with a caution.

SHANGHAI MUNICIPAL POLICE.

Way side Station, 1

REPORT

Date March 22nd, 19 35.

Subject Re Trouble at the Kwong Sung Hong (廣生行) Perfumery Factory,
835, Tongshan Road.

Made by D.S. MacLennan,

Forwarded by

Simone o/c.

Sir,

At 7.48a.m. 22-3-35, a telephone message was received from the Kwong Sung Hong Perfumery Factory, 835 Tongshan Road, reporting that they were having trouble with two ex-employees and to send police there.

C.D.C. 75 and the undersigned immediately attended and found a large number of female workers standing at the entrance gate, their entry being obstructed by three male workers, the particulars of whom are as follows:-

- (1) Lieu Zu Lee (李祖傑) age 21, native of Canton, employed in the Packing Department for about one year.
- (2) Wong Hong (黃洪) age 19, native of Canton, employed as apprentice for about one year in the Cleaning Department.
- (3) Loo Sz Wei (盧士威) age 18, native of Canton, employed as apprentice for about six months in the Cleaning Department.

The three above named live on the premises.

Enquiries show that the above factory is the Shanghai branch of the Kwong Sung Perfumery Factory, Hongkong, where the owner named Voong Foh Dien (馮福田) resides.

The factory has a complement of some 150 male and 60 female workers, being managed by one named Wong Wai Fong (黃偉芳) and the assistant manager named Ling Wei Nan (林維南).

On 18-3-35, two of the workers named (1) Oen Fei Tsong (歐飛聰) age about 24, native of Canton, employed in the Cleaning Department for one year and (2) Woo Sau Tseu (胡紹修) age about 24, native of Canton, employed in the Cleaning Department for one year, both living in the factory, approached all workers in the factory with a view to forming a Union as a means of discussing any incidents which would occur against the workers interests.

SHANGHAI MUNICIPAL POLICE.

File No.

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Date.....19

Subject.....

Made by..... Forwarded by.....

- NO. 2. -

These two named workers then requested \$1.00 from each of the workers for the maintenance of the union. Some of the workers paid the dollar, but others refused, and notified the manager, Wong Wai Fong, who dismissed the two said men on that date (18-3-35) on account of their action, and they both left the factory, their present addresses being unknown.

At about 7.30a.m. to-day (22-3-35), these two dismissed employees returned to the factory and requested several male employees, who reside on the premises, to assist them in stopping work in the factory by preventing the female workers from entering, so that they both might be reinstated and allowed to form the union.

The two ex-employees were accordingly joined by Lieu Zu Lee, Wong Hong, and Loo Sz Wei, described above, and the five of them proceeded to the entrance gate where they remained. At about 7.45a.m. (22-3-35), all the female workers and the male workers, who live outside, arrived at the entrance gate, but were refused admittance by the said five men, who stated "Don't work", and raised their hands as a way of indicating that, should the workers insist on entering, they would be forced back. No force was used. Some of the workers, on thus being refused admission, departed, whilst the others surrounded the entrance gate. An Indian private watchman named Ala Singh was on duty at this gate and he accordingly informed an accountant named Kyung Ping Sung (金平生) employed in the factory, and he notified the Station by telephone.

On arrival of the said detectives, the two dismissed employees had already gone, but the three men, Lieu Zu Lee, Wong

SHANGHAI MUNICIPAL POLICE.

File No.

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Station,
Date.....19

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Made by..... Forwarded by.....

- 3 -

Hong, and Loo Sz Wei were found guarding the entrance gate and stating to the workers, "Refuse to work".

These three incitors were then taken into the factory office and all workers standing at the gate entered and resumed work.

The three incitors, Lieu Zu Lee, Wong Hong, and Loo Sz Wei, were brought to the Station, where they admitted as above, and stated that although they had to-day assisted the two dismissed employees in attempting to incite all the workers to strike, they had merely done so at the request of the two dismissed workers and that they had no desire to commit any further trouble and would resume work.

These three incitors further stated that about one month ago, Oen Fui Tsong, one of the two dismissed workers, had rented an upstairs room in Chinese dwelling house No. 88, Lane 503, Ward Road, which he intended to use as an office for the Union, but they could not state whether any meetings had been held there.

C.D.S. 306, C.D.C. 75 and the undersigned visited this address where it was ascertained from the chief tenant named Zung Wong Sz that an upstairs room, which was found to be locked had been rented by Oen Fui Tsong about one month ago, but no information was obtained as to whether any meetings had subsequently been held there.

The manager and assistant manager came to the Station and reported that all male employees with the exception of two, names or addresses unknown, had resumed work by 9a.m. and that about 40 females had also resumed work, the remainder having apparently returned to their homes on being refused admittance by the incitors.

SHANGHAI MUNICIPAL POLICE.

File No.

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Station,

Date. 19

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Made by Forwarded by.....

- 4 -

When questioned by D.S.i. Hill and the undersigned, the Manager stated that he did not wish police to take any action in the case, at present, further than cautioning the three incitors, who were brought to the Station, against further trouble.

Article 318 of the C.C.R.C. was explained to these three incitors, who were warned as to the seriousness of their actions, and they promised to return to work and not cause any further trouble. (Released).

C.D.C. 75 and two C.P.Cs have been posted at the factory in the meantime.

I am, Sir,

Yours Obediently,

D.M. MacEgan

D. S.

Hill

Sen. Det. i/c.

D. D. O. "D".

J.R. 23.3.35

Mg

O. i/c Spe. Branch.

J.Mg
23 MAR 1935

D-6604

D-6605

D-6606

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE

File NO. H. REGISTRY.

No. D 5604

S. 1, Special Branch

Date

REPORT

Date March 25, 1935

Subject (in full) Enquiries regarding whereabouts of Li Ying-feng

(李应丰)

Made by D.I. Sih Tse-liang

Forwarded by H. Gault

Discreet enquiries made at 12 Chusan Road go to show that this address is occupied by the Dah Tsung (大众出版社) Publication Society, and that Li Ying-feng worked there as an editor until about two months ago, when he resigned.

Since then he has not been seen by his former fellow workers.

The inmates of this Society could throw no light upon his present whereabouts and even were not in a position to transmit any mail matter to him.

Sih Tse Liang
D. I.

D.C. (Special Branch).

File
MG

D.6605

SHANGHAI MUNICIPAL POLICE S. W. REGISTRY.
No. <u>D 6605</u>
Date <u>8 / 4 / 35</u>

April 8, 1935.

Morning translation

STUDENTS OF A BENEVOLENT INSTITUTION ON STRIKE

The Shanghai Benevolent & Industrial Institution, Kiaochoo Road, was established many years ago by the Shaochow Fellow Provincials' Association.

In March the students of the institution went on strike as a protest against Dean Ching Hung Doo (金宏度). Subsequently, Quo Shou Chen (郭寿纯), President of the institution, dismissed a number of the students.

The dismissed students have submitted a joint letter to the Bureau of Education and the Shaochow Fellow Provincials' Association requesting them to support justice and to conduct an investigation into the trouble.

D.6605

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D. 6605.
Date 28, 3, 35

March 28, 1935.

Shanghai Benevolent & Industrial Institution - students
resume studies

The students of the Shanghai Benevolent & Industrial Institution, who suspended studies on March 25 to enforce their demand that Ching Hung-do (金宏度), the master of discipline, be dismissed, resumed studies this morning, March 28. The four pupils who are believed to be the ringleaders have been dismissed, while the master of Discipline and the school physician have tendered their resignations to the Board of Directors of the Institution.

SECRETARY OF THE POSTS
S. S. REGISTRY.

No. D. 6605.

Date

March 27, 1935.

Miscellaneous

Price of Rice

The wholesale price of Chinese Rice ranges from \$10.10 to \$12.20 per picul this morning, and the retail prices quoted by local rice shops are as follows :-

Chinese Rice : Best Quality ... \$12.30
Good " ... \$11.30
Ordinary " ... \$10.30

Saigon Rice : Best Quality ... \$11.40
Good " ... \$10.40
Ordinary " ... \$ 9.40

Shanghai Benevolent & Industrial Institution
- Students suspend studies

The students of the Shanghai Benevolent & Industrial Institution, who suspended studies on March 25 to enforce their demand that Ching Hung-do (金宏度), the master of discipline, be dismissed, still refuse to resume studies this morning, March 27.

Some thirty directors and teachers of the Institution held a meeting on the premises at 397 Kisochow Road, at 2 p.m. March 26, and decided to dismiss the four pupils who are believed to be the ringleaders. Measures to deal with the master of discipline and school physician were shelved pending a thorough investigation into the complaint made by the students against them.

Hupei refugees arrive in Shanghai from Ningpo

Some 83 refugees of Hupei nativity arrived at the Ning Shao Wharf, Nantao Bund, from Ningpo by the S.S. "Hain Ning Shao" on March 25, and are accommodated in the San Yuan Kung Temple, San Kwan Tang Ka, Nantao. Arrangements

SHANGHAI MUNICIPAL POLICE
S. H. REGISTRY.
No. 46605
Date 26/3/35

March 26, 1935.

Miscellaneous (3)

Students of the Shanghai Benevolent and Industrial
Institution suspend studies

At 4 a.m. March 25, some 450 pupils of the Shanghai Benevolent & Industrial Institution, 397 Kiaochow Road, posted slogans on the walls of the institution denouncing the master of discipline named Ching Hung-do (程宏度). Subsequently these pupils refused to attend classes in an effort to enforce their demand that Ching be dismissed. Studies are still suspended this morning, March 26. It is learned that the students consider that the master of discipline is too strict.

This institution is a benevolent organization depending upon the fund raised by contributions during past years. 20 students pay a fee of sixty dollars per term, while the others are admitted free of charge.

J. H. Givens
D. C. (Special Branch).

46605

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COPY.

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. I. REGISTRY.

No. D 6605
Gordon Road Station,
Date 2 / 1 / 5
Date March 25, 1935.

REPORT
Misc. 35/35

Subject (in full) Report on Trouble at the Shanghai Benevolent Industrial
Institution 91 Kiaochow Road.

Made by D. S. Rhodes. Forwarded by

Sir,

At 4 a.m. 25/3/35, Mr. S.Z. Kwuah, director and secretary of the Shanghai Benevolent Industrial Institution (商電教養院), 91 Kiaochow Road, came to the station and reported that the scholars of the above school totalling about 450 were causing trouble in the institution grounds.

Inspector Holt i/c of the party of Police attended and from enquiries made by the undersigned and C.D.S. 299 and C.D.C. 225 the following was ascertained: Mr. Kwuah about two weeks ago received information to the effect that the students were dissatisfied with the head teacher named Ching Song Doo (金完度) and intended to agitate to get him removed, in consequence of this information the informant has since resided on the premises.

At about 3.30 a.m. this inst. three ring-leaders namely, Koh Dih Zeu (郭建德), Tsang Ying Mong (張英明) and Sing Ying Zeu (鄭名善) took possession of the keys from the watchmen locked the main gate and cut the telephone wires, they then proceeded around all the dormitories aroused all the students who armed with long poles attacked the school staff of teachers and coolies. On arrival of the Police an entry was forced into the grounds, but it was seen that the students were quite orderly and no sign of any damage having been done was noticed.

Mr. S.Z. Kwuah was questioned re the ring-leaders and it was learned that they had escaped and despite a search of the building they could not be found.

The students stated that they resented the severity of the head master Ching Oong Doo who had them expelled for trivial matters and posters were found in the school grounds which

SHANGHAI MUNICIPAL POLICE.

REPORT

Station,

Date..... 19

- 2 -

Subject (in full)

Made by

Forwarded by

read:

1. "Down with Ching Oong Doo who has ill-treated the poor students! (打倒虐待貧兒之金宏度)。
2. "Ching Oong Doo', you are too late to repent your past activities!" (金宏度你改過太晚了)。
3. Wong Ts Ling! Are your actions quite just & Upright? (王子林,你做的事公平嗎)。
4. Down with Ching Doo whose face is masked! (打倒假面具之金宏度)。

and similar slogans were chalked on the drive.

The institution boards, a total of 420 boys who ages range from 11 to 20 years and is controlled by a committee of which Mr. H Chatley is the chairman, the education is given to them free.

Police have been posted to prevent any further disturbance.

(signed) G.F. Rhodes.

D. S. 114.

Sen. Det. i/c.

S. 1,

Please note and pass to Registry to file.

T.P.G. 26/3/35.

I.R. 26-3-35.

H.G.

Extract of Proceedings in S. S. D. Court for 19-4-37 19 F. I. R. No. 419.131 Sfn. No.

Reg. No. C/84122

Sta. Central

Prosecutor

Judge Zih

Sheet No. 4

SUMMARY COURT (SUSTO) Act.

Mr. Tsang appeared for the S. S. Council.

Proceedings.

Mr. Tsang:- Regarding this case, a part of the seized books has been confiscated, but the remaining part is being detained at station. I ask that those books not confiscated be now returned.

Decision

CCLOO

Books detained but have not been confiscated to be returned to owner.

FILE

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
File No. REGISTRY
D. 711

S. 5, Special Branch, Station

REPORT

Date December 31, 1935

Subject Execution of S.S.D. Court Search Warrant No. 8814 issued by
Judge Feng at the request of the Bureau of Public Safety.

Made by D.P.S. Lockwood

Forwarded by *E. D. Lockwood D.S.I.*

Sir,

At 4.45 p.m. December 31, 1935, D.P.S. Lockwood,
C.D.S. 94 and Clerk Chiang Ching Yoong (Special Branch),
accompanied by D.S.I. Yang Ben Shen (Central) and Inspector s
Tsu Yao Yung (朱筱東) and Chow Pah Zung (周 沛 中) (P.S.B.)
proceeded to the Sing Tsz Bookstore (新 時 書 局), 164 Shantung
Road, to execute Search Warrant No. 8814 issued by Judge
Feng of the S.S.D. Court.

On arrival at the above mentioned premises, it was
discovered that the business had been closed down.

Search Warrant No. 8814 is returned herewith for
cancellation.

*X. W. D. No 8814
returned to
Court 1/1/36*

MLG

E. D. Lockwood /
D. P. S.

D. C. (Special Branch).

*Reg.
Return warrant to Court
and file. JMG*

江蘇上海第一特別地區法院
District Court For The First Special Area In Shanghai.

送 To S. B.

期日 Date December 30, 1935.

Nature of Document 容內件文

Search Warrant No. 8814 issued by Judge Feng
at the request of the Shanghai Public Safety
Bureau.

Address:- Sing Taz Bookstore,
164 Shantung Road.

To search for and seize certain indecent
books entitled "Veh Mung Pa S" and "Zing
Hai Ven" on the above mentioned premises.

46606

SEARCH WARRANT. NO. 8814.

S. B. STATION.

If attached document is returned in open
Court, please detach this slip, filling in as below
and return to Judicial Police Office for record.
If not handed in to open Court, document must
be returned to Judicial Police Office immediately
on expiration, properly endorsed and signed.

After recording in Judicial Police Office,
this slip will be returned to station concerned
as an acknowledgement of safe receipt of
document.

(For Station use) :-

.....Judge.

4 DEC 1935

Date.

(For Judicial Police endorsement)
Above document returned



Shop Closed down

District Court for the First Special Area in Shanghai.

December 30, 1935.

Search Warrant No. 8814 issued by Judge Feng at the
request of the Shanghai Public Safety Bureau.

Address- Sing Tax Bookstore (新智书局),
164 Shantung Road.

To search for and seize certain indecent books entitled
"Yeh Mung Fe S" (佛门秘史) and "Zing Hai Ven" (情海冤)
on the above mentioned premises.

District Court for the First Special Area in Shanghai.

December 30, 1935.

Search Warrant No. 8814 issued by Judge Feng at the
request of the Shanghai Public Safety Bureau.

Address:- Sing Tez Bookstore (新智书局),
164 Shantung Road.

To search for and seize certain indecent books entitled
"Veh Lung Pe S" (佛门秘史) and "Zing Hai Ven" (情海魂)
on the above mentioned premises.

SHAN MUNICIPAL POLICE
S. B. REGISTRY.

No. D 6606
Date 30 / 5 / 35

"A"

Miss. No. 132/35 (C). Central
Crime Register No. 509/35.

May 29,

35.

3

51

Ling Tseng Liang (林廷良) Manager of the book store
at No. 164 Shantung Road appealed against the judgement
of 12-4-35 when he was fined \$60.00 for selling indecent
literature.

The appeal was heard on 21-5-35 and 28-5-35 on which
latter date the following judgement was given:-

"Original judgement cancelled. Fined \$20.00 or 10
days' detention for successively selling indecent
literature."

*Noted
for file
30/5/35*

*R. Wardrop,
D. I.*

Officer in Charge, Special Branch.

*R.W.
D. I.*

*\$5, Please note
and pass. JH*

30 MAY 1935

U.S. DEPARTMENT OF JUSTICE
S. B. NO. 1
No. D 4606
Date 1 1

Misc. No. 132/35.
Assistance to O.O.L.
3

" A "
Central
April 15, 35.

Accused appeared before the Court on 12/4/35 when the following judgment was given:-

"Fined \$80.00 or \$2.00 per day for selling indecent literature.

Indecent books to be confiscated.

During the period of appeal accused to put up \$100.00 reliable shop security."

Accused:- I am not satisfied with the judgment. I wish to appeal.

R. Wardrop,
D. I.

~~D. D. O. 22~~

Officer i/c, Special Branch.

File
MB

SPECIAL AGENT IN CHARGE
S. B. WIGGINTON
No. D 6606
Date 15/4/35

Misc. 131/35.
Assistance to O.O.L.

" A "
Central
April 15, 35.

4

Accused appeared before the Court on 11/4/35 and
13/4/35. On the latter date the following judgment was
given:-

"Fined \$80.00 or \$2.00 per day for selling indecent
books. 30 books confiscated. To stand on original
security pending appeal."

Accused. I am not satisfied with the judgment. I
wish to appeal.

R. Ward
D. I.

~~D. B. O. "A"~~

Officer i/c, Special Branch.

SOUTH BRITISH
S. B. R. Co.
D. 4566
Date

Misc. 133/35.

" A "
Central
April 15, 35.

3

Accused in this case appeared before the Court on
11/4/35 and 13/4/35.

On the latter date the following judgment was given:-
"Fined \$300.00 or \$2.00 for selling indecent books.
1729 indecent books confiscated.
Sentence to be executed immediately."

Rhardy,
D. I.

~~D. D. O. RAN~~

Officer i/c, Special Branch.

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
File No.
D

Special Branch 316

REPORT

Date April 13, 1935.

Subject Three book stores fined for selling indecent books.

Made by and Forwarded by D.S.I. Golder.

The case in which Ling Tsing Liang (林慈良),
Manager of the Sing Tze Book Store (新智書局), No. 164
Shantung Road, is charged with selling an indecent book
entitled "Goh Zau" (男婦潮) (Wave of Adultery) was heard
at the Shanghai First Special District Court on the
morning of April 12 and the accused was fined \$80.00.

The 100 copies of the book seized were ordered
to be confiscated.

The legal representative of the accused stated
that he would file an appeal.

The Judge then ordered that the accused be
released on security of \$100.00.

On the morning of April 13 Woo Yien Loo (吳頤盧),
Manager of the Mei Li Book Store (曼麗書局), 221 Shantung
Road, was fined \$300.00 by the Shanghai First Special
District Court for selling an indecent book entitled
"Sou S" (騷史) (Bewitching Stories). The 1730 copies
of the book seized were ordered to be confiscated.

On the same morning Tai Sz Ying (戴士英),
Manager of the Dah Sing Book Store (大新書局), No. D62,
Lane 140, Shantung Road, was fined \$80.00 for selling
an indecent book entitled "Dzing Yeeh Sing Lung" (情慾新編)
(meaning New Ideas on Love and Passion).

The accused announced that he would file an
appeal.

Act. C. P.
Information.
J. B. Smiers



Em Golder
D. S. I.

D. C. Special Branch.

SHANGHAI MUNICIPAL POLICE.

Special Branch S. B. 4 Supervisor

REPORT

Date April 4, 1935.

Subject Applications for Summonses against book stores for selling indecent books.

Made by and Forwarded by D.S.I. Golder,

A visit to the Legal Department was made at 2.30 p.m. April 3 in connection with the indecent literature seized under warrants on March 26, 1935. Chief Inspector Mason after conferring with Mr. Chang, Assistant Advocate, suggested that summonses should be applied for against Tai Sz Ying (戴士英), Manager of the Dah Sing book Store (大新書局), No. D.62, Lane 140, Shantung Road, Ling Tsing Liang (林忠良), Manager of the Sing Tse book Store (新智書局), No. 164 Shantung Road and Woo Yien Loo (吳頌廬), Manager of the Mei Li book Store (曼麗書局), No. 221 Shantung Road, applications for which are attached herewith for favour of signature and transmission to the Shanghai Special District Court.

*Send to S.S.C.
4 x 30
add*

Em Golder
D. S. I.

D. C. Special Branch.

JHG
APR. 1935

SHANGHAI MUNICIPAL POLICE.

S. 5, Special Branch Station,

REPORT

Date April 2, 1935

Subject Search Warrant No. 6273 issued by the Shanghai Special District Court at the request of the Bureau of Public Safety.

Made by _____ and _____ Forwarded by D.S.I. Golder

The book entitled "Woo Zang Pe Mih S" (薄端秘史), 900 copies of which were seized at No. 62/140 Shantung Road on March 26 in execution of search warrant No. 6273, contains insufficient to sustain a charge of indelicacy, I therefore suggest that no proceedings be taken.

Emford

D. S. I.

D. C. (Special Branch).

File
MS

APR 2 1935

Translation of extracts from a book entitled Secret
Stories of Dancing Halls (舞場秘密史).

Pages 57-60

Ha Ha Sien Sung (好先生) and Wei Eur
Sung (莞尔生), two men, went together to a dance
hall. It was Ha Ha Sien Sung's first visit to such
a place.

Wei Eur Sung told him that dancing would
start immediately the music begins.

Ha Ha Sien Sung saw many couples of men
and women embrace, walk to the hall and move about.
These girls were so attractive that men were fascinated.

Upon returning home, Wei Eur Sung asked
Ha Ha Sien Sung why he had left in such a hurry.

Ha Ha Sien Sung replied that he thought
that all the men and women in the hall, who were
dancing and embracing each other, were doing "that
thing" (meaning sexual intercourse) while standing.

Later he asked other people whether the
men and women in the hall were engaged in acts of
lesbianism.

Publishing & Sales Office:

The Vung Woo Bookstore

(文華書局), D.62 Ching

Yuen Li (廣云里), Shantung Rd.

SHANGHAI MUNICIPAL POLICE.

Special Branch S. B. *6606*

REPORT

Date *April 1st 1935*

Subject *Search Warrant No. 6270 issued by the Special District Court at the request of the Bureau of Public Safety.*

Made by *and* Forwarded by *D.S.I. Golder*

The book entitled "Dzing Yesh Sing Lung" (*清卷新编*), 300 copies of which were seized on March 26, 1935 at No. D62, Lane 140, Shantung Road under authority of search warrant No. 6270 contains on page 35 a grossly indecent passage, a translation of which is attached. In view of this, I suggest that a summons be applied for against Tai Sz Ying (*戴士英*), the manager of the Dah Sing Bookstore on which premises the offending literature was seized.

Em Golder

D. S. I.

D. C. (Special Branch)

S5,
Please act as you suggest provided
Legal Department agrees. *J.P.S.*

8 APR 1935

Translation of an extract from a book entitled
"Dzing Yoeh Sing Lung (情慾充滿)" (meaning New
Ideas on Love and Passion).

大新印書館 廣文里
Sole Agent: Dah Sing Book Store, D62 Ching Yuen Li,
140 Shantung Road.

Page 35

SECRET METHOD OF ENLARGING A PENIS.

If a man desires to enlarge his penis,
he must get up between the hours of "Ts" (子) and
"Wu" (午) and sit upright in a quiet room. He
must be slightly hungry so that he can breathe more
freely. He must hold his penis and rub it with
both hands until it is fiery hot. Holding the
scrotum and his penis with his left hand, he must
rub his abdomen with his right hand 81 times and
another 81 times with his left hand, after which
he must repeatedly strike his right and left thighs.
If this method is observed continuously, the penis
will become larger.

File No. 66-6

SHANGHAI MUNICIPAL POLICE.

Special Branch S. S. 36047

REPORT

Date April 2, 1935

Subject Search Warrant No. 6271 issued by the Shanghai Special District Court at the request of the Bureau of Public Safety.

Made by and Forwarded by D.S.I. Golder.

In connection with the seizure from 221 Shantung Road of 1730 copies of an indecent publication entitled "Sou S" (Bewitching Stories) (怪史) under the authority of warrant No. 6271 on March 26, 1935, I forward herewith attached a translation of the text from pages 119/121 which is grossly indecent. In this case I suggest that a summons against the Manager, Woo Yien Loo (吳顯履), be applied for.

Em Golder

D. S. I.

D. C. Special Branch.

S4,
* Provided Legal Department agrees, please act as you suggest.

WJ

7 APR 1935

Translation of extracts from a book entitled "Bewitching
Stories" (騷史).

Pages 119-121.

Lawyer Sun (孫) who frequented brothels at nights became acquainted with a singing song girl named Miao Vee Lou Pah (妙味老八). He gave entertainments at the girl's place every day. Nevertheless, he could not attain his desire.

One day lawyer Sun reflected that although he had wasted a large sum of money on the girl, yet he had not succeeded. He then booked a room in the Tung Fang Hotel (東方旅館) and sent a chit to the girl asking her to call at his room.

The singing song girl came. Lawyer Sun embraced her and said, "You cannot go away to-day and must stay here and sleep with me for the night. If you agree to sleep with me for the night, this will be yours."

He showed the girl a diamond ring.

The girl examined the ring. It was worth more than a thousand dollars.

She said, "Speaking frankly, you are the only patron who has shown me so much affection and favour. How can I reject any demand that you may put to me?"

The man then placed the diamond ring on one of the girl's fingers.

"Don't be in such a hurry" said the girl.

"Are you trying to reject my request?" asked the man.

The girl replied that she was under "special martial law" and that "a red headed Ah San" was guarding her "important pass". (This means that the girl was having her menses.)

SHANGHAI MUNICIPAL POLICE.

Special Branch 3.5. 6606

REPORT

Date April 2, 1935.

Subject Search Warrant No. 6272 issued by the Shanghai Special District Court at the request of the Bureau of Public Safety.
Made by and Forwarded by D.S.I. Golder

The book entitled "Goh Zau" (嫖潮) (Wave of Adultery) 100 copies of which were seized from the Sing Tze Book Store (新智书局), No. 164 Shantung Road, on March 26 under authority of warrant No. 6272 contains an indecent passage on pages 61-62-63 (translation attached). I suggest that a summons against the manager of the Sing Tze Book Store, Ling Tsing Liang (林忠良), be applied for.

D. S. I. Golder

D. S. I.

D. C. (Special Branch).

S5,
Provided Legal Department agrees, please act as you suggest.
JH

7

Translation of an extract from a book entitled "Goh
Lau" (賜 朝) (Wave of Adultery).

Pages 61-62-63.

Waung Tien Yih (汪 天 一) was already under the influence of liquor. Fai Siao Chia (八 小 姐) appeared to him as beautiful as an angel. They had fallen in love at first sight. They retired to a room to accomplish their "task".

Tsong Ping Shing (鍾 展 盛) paid for his night with Yuan Noen Noen (袁 嫖 嫖), but the latter was unwilling to have sexual intercourse with him because he was a clumsy man. She said to Lieu Zung (劉 成) that they three could sleep together in one bed. Lieu Zung readily agreed but Tsong Ping Shing was highly displeased for he could not object to Lieu Zung remaining.

The next morning Tsong Ping Shing got up and went back to his shop. After Tsong's departure, Lieu Zung and Yuan Noen Noen enjoyed sexual intercourse together and laughed at the fool who had paid for the night but had not had anything in return.

新 智

SALES OFFICE: Sing Tsz Book Store,
164 Shantung Road.

SHANGHAI MUNICIPAL POLICE.

Special Branch S.5. *6274*

REPORT

Date. April 22, 1935.

Subject..... Search Warrant No. 6274 issued by the Shanghai Special District Court at the request of the Bureau of Public Safety.

Made by..... and..... Forwarded by..... D.S.I. Golder

The book entitled "Woo Meng Yen Sz" (吳孟衍史) 140 copies of which were seized at No. 62, Lane 140, Shantung Road, on March 26 on the authority of warrant No. 6274 contains nothing objectionable.

Em Golder

D. S. I.

D. C. (Special Branch).

File
MS



D. 6606.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6606
Date 3/28/35

March 28, 35.

Supt. Whiting,
Shanghai Special District Court.

I am returning you, herewith, warrants numbers
6275 and 6276 for cancellation.

*6275
6276*

Enquiries in connection with warrant No. 6276
in respect of the Ching Yuin Book Store (正 益)
Foochow Road, showed that this store closed down
last year, while the Yesh Sing Book Store (正 生)
Foochow Road, in respect of which warrant No. 6275
was issued, could not be located.



Deputy Commissioner (Special Branch)

SEARCH WARRANT. NO. 6275.

S. B. STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

J.P. Judge.

28 MAR. 1935 Date.

(For Judicial Police endorsement)
Above document returned



SEARCH WARRANT. NO. 6276.

S. B. STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

J.P. Judge.

28 MAR. 1935 Date.

(For Judicial Police endorsement)
Above document returned



5 copies

Extract of Proceedings in S. S. D. Court for 27/7/59 J9 F. I. R. No. 100,123 Stn. No.

Reg. No. 6/84121 Stn. Central. Procurator Judge Y1b

APPLICATION.

Application is hereby made to the S.S.D. Court for the disposal of 1730 copies of 'Sau S' seized at 4.45 p.m. on 26/7/58, at the Mei Li Book Store, 221 Planting Rd. under authority of warrant 6271/6241B issued by the S.S.D. Court at the request of the S.S. Intelligence Security Force U.

COURT OF SHERIFFS JURISDICTION SOUTH A.M.

Proceedings:- Mr. Tsang appeared for the S.S.C.

Handwritten:
here
Cable
27/7/59

Mr. Tsang:- I apply for disposal of 1730 copies of 'Sau S' seized at 4.45 pm. 26/7/58 at the Mei Li Book Store, 221 Planting Rd. under authority of warrant 6271/6241B (handed to Judge), at the request of the P.S.S.

DECISION:-
N.P. To be detained.

Handwritten signature: J.H.G.

Handwritten note: File with D.51 folder S.S.

IN 1935
REVISED 1931
S. 100 W. 232

5 copies.

Original 100 copies

Extract of Proceedings in S. S. D. Court for 27/3/35.19 F. I. R. No. 1100.132 Stn. No.

Reg. No. 6/84125 Stn. Central. Procurator Judge Yih

APPLICATION.

Application is hereby made to the S. S. D. Court for the disposal of 100 copies of 'Cah Lau' seized at 4.15 p.m. on 26/3/35, at the Sing Tax Book-Store, No. 164 Shantung Rd, under the authority of S. S. D. Court W. No. 6272 issued by Judge Yang at the request of the Shanghai Public Safety Bureau

COURT OF SUMMARY JURISDICTION SOUTH A.M.

Proceedings:- Mr. Tsang appeared for the S.M.C.

Handed to Judge
Mr. Tsang:- I apply for disposal of 100 copies of 'Cah Lau' seized at 4.15 pm. 26/3/35 at the Sing Tax Book Store, 164 Shantung Rd. under authority of warrant 6272/62419 (handed to Judge) at the request of the P.S.B.

DECISION:- To be detained.
SOP.

JYH

27 MAR 1935

5 copies.

Political Section

Extract of Proceedings in S. S. D. Court for 27/3/35. 19 F. I. R. No. 151 Stn. No.

Reg. No. 6/ 21128 Sen. Control. Procurator Judge *Yih*

Application is hereby made to the S. S. D. Court for the disposal of 30 copies of 'Dzing Yoch Sing Lung', 140 copies of 'Woo Sang Xi S', 900 copies of 'Woo Sang Xi Mih S' seized at 4 p.m. 26/3/35 at No. 62 Lane No 140 Shantung Rd under names of *Wah Sing, Wan Jau and Vung Ho Hock* stores. It seized at 4 p.m. only 3/3/35 under S. S. D. Court Searches Nos 6270, 6274 and 6273 respectively issued by Judge King at the request of the Chief Public Safety Bureau.

COURT OF SUMMARY JURISDICTION SOUTH A.M.

Proceedings: Mr. Tsang appeared for the P.M.C.

*Notes
3/5/35*

(Mr. Tsang:- I apply for disposal of 30 copies of 'Dzing Yoch Sing Lung', 140 copies of 'Woo Sang Xi S', 900 copies of 'Woo Sang Xi Mih S', seized at 4 p.m. 26/3/35 at No. 62 Lane 140 Shantung Rd. on authority of warrant 6270/6274 (handed to Judge), at the request of the P.S.B.

DECISION: To be detained.
N.C.P.

JH
28 MAR 1935

SHANGHAI MUNICIPAL POLICE
S. I. REGISTRY.
File No. D 6206
Station, 27

SHANGHAI MUNICIPAL POLICE.

S. 6, Special Branch, 27 Station, 19 35.
Date. March 27, 1935.

REPORT

Subject... Search Warrants Nos. 6270, 6274, 6273, 6272, 6271, 6276
and 6275 issued by S.S. District Court at request of Bureau
of Public Safety.
Made by... and Forwarded by D.S.I. Duncan

Search Warrants Nos. 6270, 6274, 6273, 6272, 6271,
6276 and 6275 issued by Shanghai Special District Court
at the request of the Bureau of Public Safety in connection
with the sale of indecent books by various bookstores on
Shantung Road were received for execution by the S.M.P.
on March 26.

Assistance was rendered by detectives from Central
Station and searches were made with the following results:-

No. D62 Ching Yuen Li,	Books Seized
140 Shantung Road, occupied jointly by the Dah Sing Book Store (大新書局), Manager	300 copies of Dzing Zoeh Sing Lung. 情慾新論
Tai Sa Ying (戴士英), Wan Jau Book Store (寰球書局), Manager	140 copies of Woo Mung Ching Kan (金愷), and the Yi S. 吳竹齋史
Vung Wo Book Store (文華書局), Manager Ching Kan (金愷).	900 copies of Woo Zang Oi Min S. 舞場秘史

Search Warrants Nos. 6270,
6274 and 6273.

164 Shantung Road occupied by Sing Tsz Book Store (新智書局), Manager Sing Tseng Liang (林克良).	100 copies of Goh Zau (胡朝)
--	-------------------------------

Search Warrant No. 6272.

SHANGHAI MUNICIPAL POLICE.

Station,

REPORT

Date.....19

- 2 -

Subject.....

Made by..... Forwarded by.....

Books Seized

221 Shantung Road

occupied by Kei Li Book

1730 copies of Sou

Store (曼麗書局),

s (歷史)

Manager Woo Yien Loo

(吳顯庭).

Search Warrant No. 6271.

Copies of these books were taken before the Shanghai Special District Court on March 27 when all were ordered "detained at station".

Enquiries in connection with warrant No. 6276 in respect of the Ching Yun Book Store (慶雲), Foochow Road, showed that this store closed down last year, while the Yoeh Sing Book Store (育新), Foochow Road, in respect of which warrant No. 6275 was issued, could not be located. These two warrants have been endorsed accordingly and are attached for return to the S.S. District Court.

The staff of S. 5 are now making a perusal of these books and when completed a further report will be submitted as to the manner in which the books are indecent.

W. Duncan

D. S. I.

D. G. (Special Branch)

x Returned to
S.S.D.C. 2/8/3
abb

Shanks
PKS

1/Sheet No. 2.

They were brought to the station pending further instruction as to disposal.

A copy of each book will be presented at the S.S.D. Court on 27/3/35 when an application for disposal of same will be made.

C. W. Bowler

D.S. 329.

R. W.
Sen. Det. i/c.

D. D. O. "A"
Officer i/c.
Special Branch.

SHANGHAI MUNICIPAL POLICE
S. S. REGISTRATION

No. D. 66
Date 1 / 1 / 35

" A "

Misc. 132/35.
Assistance to C.O.L.

Central
March 26, 35.

1

Assistance to Chinese Authorities.

At 4.15 p.m. 26/3/35 a party of Police consisting of D.S.I. Duncan D.S. Lingard, C.D.S. Ling of Translation Section S.P. Zau Ming Yuen (曹明遠) of Public Safety Bureau, C.D.S. 301, C.D.C. 288 and the undersigned visited premises No. 164 Shantung Road doing business under the name of the "Sing Tax Book Store" (新泰書局) manager: Ling Tsang Liang (林宗良) residing same address; under authority of Search Warrant No. 6272 issued by Judge Feng of S.S.D. Court at the request of the Shanghai Public Safety Bureau to search for and seize certain indecent books entitled "Gah Zau" (色淫) in the book store.

A search of the shop resulted in 100 copies of the book named "Gah Zau" being seized. These were brought to the station pending instructions as to their disposal.

A copy of the book will be brought before the S.S.I Court on 27/3/35 when an application as to their disposal will be made.

St. For further report please see character of indecency. J.H.

Ch. Chow.

D.S. 329.

R.W. Sen. Det. i/c.

D. D. O. "A"
*Officer 916
Special Branch.*

SHANGHAI MUNICIPAL
S. S. RECORDS
No. D. 6606
Date _____

Misc. 134/35.
Assistance to O.O.L.

Central
March 26, 35.

1

Assistance to Chinese Authorities.

At 4.45 p.m. 26/3/35 a party of Police consisting of D.S.I. Duncan, D.S. Lingard and C.D.S. Ling of Translation Section, Special Branch; Zau Ming Yoen (叶明远) of Shanghai Public Safety Bureau, C.D.S. 301, C.D.C. 288 and the undersigned acting on the authority of Search Warrant No. 6271 issued by Judge Fong at the request of Shanghai Public Safety Bureau visited premises No. 221 Shantung Road to search for and seize certain indecent books entitled "Sou S" (说文) and "Shanghai Ti Sing Z Zang" (上海词语字典).

The premises do business under the name of "Mei Li Book Store" (美里书店). Manager's name Woc Yien Lee (吴颜廉) residing same address.

A search of the shop resulted in 25 packets of 50 copies each, 160 cartons of 3 copies each making a total of 1730 copies of "Sou S" (说文) being seized. No copies of "Shanghai Ti Sing Z Zang" (上海词语字典) were found.

The above copies were brought to the station pending further instructions as to their disposal.

An application will be made on 27/3/35 to the S.S.D. Court for the disposal of same. One copy will be sent.

RW
Det. i/c.

Ch. S. 329
D.S. 329.

D. D. O. "A"
Officer 9/2
Special Branch.

\$5,
Please report
on character of
indecenty of
the book.
JH

77 MAR 1935

SEARCH WARRANT. NO. 6279.

S. B. ~~XXXXXXXX~~ STATION.

23
治
部

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

.....Judge. 27/3/35 Date.

(For Judicial Police endorsement)
Above document returned



10.

-7-

Central District

March 26, 1935.

Search Warrant No. 6270 issued by Judge Feng at
the request of the Shanghai Public Safety Bureau.

Shanghai Public Safety Bureau

-v-

Dah Sing Book Store (大新書店)

Address :- D.62 Ching Yung Li, Shantung Road.

慶雲里

To search for and seize certain
indecent books entitled "Daing
Yosh Sing Lung" (情慾新編)
on the above mentioned premises.

SEARCH WARRANT, NO. 6271.

S. B. STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

..... Judge.

..... Date.

(For Judicial Police endorsement)
Above document returned



7
①
March 26, 1935.

Search warrant No. 6271 issued by Judge Feng at the
request of the Shanghai Public Safety Bureau.

Shanghai Public Safety Bureau

-Y-

Mai Li Book Store. 曼麗書局

Address: ^{221 Shantung} ~~Beach~~ Road.

To search for and seize certain indecent
books entitled "Shanghai Ti Sing Z Zang"
and Sou S³ on the above mentioned premises.

SEARCH WARRANT, NO. 6272.

S. B. STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

.....Judge.

27/12/56 Date.

(For Judicial Police endorsement)
Above document returned



7
P
March 26, 1935

Search Warrant No. 6272, issued by Judge Feng at the
request of the Shanghai Public Safety Bureau.

Shanghai Public Safety Bureau

-v-

Sing Tsz Book Store. 新智書局

Address: 164 Shantung
Nanchow Road.

To search for and seize certain indecent
books entitled "Shah Zai" ^{345 149} on the above
mentioned book store.

SEARCH WARRANT, NO...8273a.

S. B.STATION:

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

.....Judge.

.....Date.

(For Judicial Police endorsement)

Above document returned



Central District.

March 26, 1935.

Search Warrant No. 6273 issued by Judge Feng at
the request of the Shanghai Public Safety Bureau.

Shanghai Public Safety Bureau

-v-

Vung Wo Book Store (文華書局).

Address :- D.62 Ching Yung Li, Shantung Road.

To search for and seize certain
indecent books entitled "Woo Zang
Pe Mih S" (舞場秘密史) on the
above mentioned book store.

SEARCH WARRANT, NO.....6274.

S. B.STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

.....Judge.Date.

(For Judicial Police endorsement)
Above document returned



Central District

March 26, 1935.

Search Warrant No. 6274 issued by Judge Feng at the request of the Shanghai Public Safety Bureau.

Shanghai Public Safety Bureau

-v-
Quan Jau Book Store (寰球書局).

Address :- D.62 ^{廣云里} Ching Yung Li, Shantung Road.

To search for and seize certain indecent books entitled "Woo Hung Yi S" (吳江軼史) on the above mentioned book store.

江蘇上海第一特區法院
District Court For The First Special Area In Shanghai.

送To S. B.

期日 Date March 26, 1935.

Nature of Document 容內件文

Search Warrant No. 6275. issued by Judge Feng
at the request of the Shanghai Public Safety
Bureau.

Shanghai Public Safety Bureau.

-v-

Yeeh Sing Book Store.

Address:- Fouchow Road.

To search for and seize certain
indecent books entitled 'I'h
Keeh Moo Tung Nyui' on the above
mentioned book store.

S. ⁵
For attention please.

JWS
D.C. (S. B.)

MAR 26 1935

警署
收

7
March 26, 1935.

Unknown

Search Warrant No. 6275 issued by Judge Feng
at the request of the Shanghai Public Safety Bureau.

Shanghai Public Safety Bureau

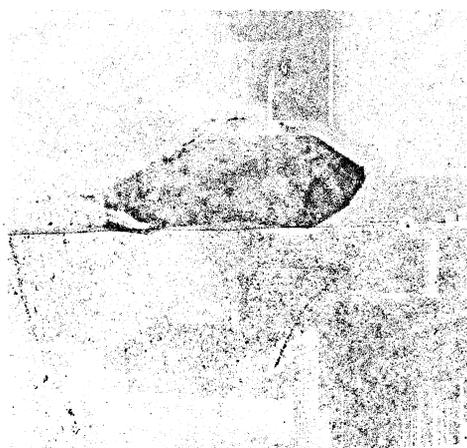
- v -

Yosh Sing (育新) Book Store.

Address: Foochow Road

To search for and seize certain indecent
books entitled "I'h Kesh Tung Nyui" (一個摩登女)
on the above mentioned book store.

*Warrant 6275
returned to Court 283
Subd.*



江蘇上海第一特區法院
District Court For The First Special Area In Shanghai.

送To S. D.

期日 Date March 26, 1935.

Nature of Document 容內件文

Search Warrant No. 6276. issued by Judge Feng
at the request of the Shanghai Public Safety
Bureau.

Shanghai Public Safety Bureau.

-v-

Ching Yuin Book Store.

Address:- Foochow Road.

To search for and seize certain
indecent books entitled "Me Thaung"
on the above mentioned book store.

S. S.
For attention please.

Feng
D.C. (Sp.Br.)

MAR. 26 1935

警員

7

March 26, 1935

*Removed
last year*

Search Warrant No. 6276 issued by Judge Feng
at the request of the Shanghai Public Safety Bureau.

Shanghai Public Safety Bureau

- v -

Ching Yun (御雲) Book Store

Address: Foochow Road

To search for and seize certain
indecent books entitled "Me Thung"
(迷湯) on the above mentioned book
store.

*Warrant 6276
returned to Court 2/28/35
H.H.H.*

7
D-6607

D-6611

D-6612

D-6613

D-6609

F. 227
G. 1200-10-33

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE. 6607

CRIME DIARY.

Date 27 / 3 / 35

CRIME REGISTER No:— 6402/34.

" A " Division.
Central Police Station.
March 25, 19 35.

Diary Number:—

Nature of Offence:—

Time at which investigation began and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

*re suppression of
mature letters deliv-
er-
hong by the post see
to be at Central
Reo file*

On 15/3/35, Post Office Inspector Chang Kwang Shu (汪光舒) came to this Station; and stated that information had been received by the Post Office to the effect that the transport company known as Zung Kyi Transportation Hong (中吉洋行) 365 Kiukiang Road, was accepting letters for delivery in outports. As a result of this information C.D.S. 117 was detailed together with private detective Tsang Ying S (蔣映生) employed by the Post Office, to make up a parcel containing a pair of lady's shoes addressed to Mr. Feng Ching Ho, Hsi Shing Oeh, Tzi Kee, Ningpu (寧波城內西興街) and also a separate letter addressed to the same person. The reason for the parcel being that it was hoped that it would disarm suspicion.

At 3.30 p.m., 15/3/35, C.D.S. 117 accompanied Tsang Ying S, aforesaid, to outside Kiukiang Road, and saw the latter enter that address with the parcel and letter. A few minutes later witness Tsang Ying S came out of the above address and stated that the Zung Kyi hong which is located inside same, accepted both the parcel and letter and charged 20 cents (small) and 20 coppers for delivering the two articles. Private arrangements were previously made between P.O. Inspector Chang Kwang Shu and the addressee, whereby the latter agreed to forward both the parcel and letter to Shanghai should same be delivered for the purpose of producing same as evidence. On 18/

F. 227
G. 124m-10-33

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

Division.

Police Station.

19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

35, the parcel was forwarded to P.O. Inspector Chang, aforesaid, together with a letter in which Feng Ching Ho stated that when the delivery agency's coolie in Ningpo, delivered the parcel, he produced the envelope of the letter sent together with the parcel, and asked the addressee to affix his chop to the envelope as evidence that he had received delivery of the parcel. Feng Ching Ho asked the delivery coolie regarding the contents of the envelope and was informed by the latter that letters were no longer delivered by his company. Feng Ching Ho then asked to be given delivery of the envelope but the coolie refused to let him have it. On 23/3/35, called at the Kiukiang Road, and asked for the envelope as evidence that the parcel and letter had been delivered but he was merely told that the parcel had been delivered and refused production of the envelope.

It is respectfully suggested that the opinion of the M.A. be asked as to whether there is sufficient evidence available to justify action by summons against Zung Kyi Hong, i.e. the evidence of accepting the letter for delivery without evidence of delivery. It may be mentioned that P.O. Inspector Chang stated that the addressee Feng Ching Ho could not be persuaded to come Shanghai to testify.

SI, Please see and pass to file. noted. 1095

Det. i/c.

D. D. O. "A" Officer i/c. Special Branch.

W. Logan

D.S. 265.
C.D.S. 117.

GENERAL MUNICIPAL
S. M. REGISTRY

D 6611

29 3 35

Memorandum on R.C. D'Aquino

Rameo Cunha D'Aquino, Portuguese Eurasian, was born in Hongkong in the year 1898. He is registered with the local Portuguese Consulate and holds passport No. 971 issued in Shanghai on June 30, 1929.

D'Aquino has been domiciled in Shanghai since 1900 and was educated at St. Francis Xavier's College. He is an accomplished pianist and is able to speak English, Spanish and Chinese (Mandarin, Cantonese and Shanghai Dialect). He is an office assistant by calling, but apart from a period of about twenty months during 1919-20 when he was assistant clerk in H.B.M.'s Supreme Court for China, he has held very little regular employment. During the past few years he has contrived to support himself on odd jobs either as a salesman or musician.

At the present time D'Aquino is a very sick man and appears to be suffering from tuberculosis in an advanced stage. Efforts have been made by interested persons to persuade him to enter the Municipal Sanatorium but he definitely refuses to do so. He has been registered with the Employment Registration Centre of the Salvation Army since October 1933, but there is little likelihood of him obtaining employment owing to the precarious state of health.

D'Aquino until recently resided in an attic room in No. 1011 Avenue Jeffre. His present whereabouts, however, are unknown.

Notes

The following information regarding a man named R. D'Aquino, who might possibly be identical with R.C. D'Aquino, is taken from C.I.D. File 3710 dated September 20, 1921:

"During the early morning of September 20, 1921, three foreigners, W.E. Dismeyer, German Eurasian, Hadjee Mohamed, British Indian Eurasian and R. D'Acquino, Portuguese Eurasian of British nationality, falsely represented themselves to be officials of the Mixed Court and forcibly entered a Chinese dwelling at 274 North Szechuen Road. They accused the lady of the house, one Wong Kwe Iung (王桂榮), of being a prostitute and demanded \$50. As the money was not forthcoming they took a gold ring and a pair of jade ear-rings. W.E. Dismeyer and Hadjee Mohamed were subsequently arrested and sentenced to terms of imprisonment. Efforts to arrest R. D'Acquino were unsuccessful and he is believed to have left Shanghai."

Efforts to prove definitely that R.C. D'Acquino and R. D'Acquino are one and the same person have been unsuccessful. It is known, however, that R.C. D'Acquino was a British subject prior to his registration some years ago at the Portuguese Consulate. There is no record of any warrant having been taken out and it appears that the case was dropped following the conviction of Dismeyer and Hadjee Mohamed.

Original on Linné Registry file E.1026.

SHANGHAI MUNICIPAL POLICE
March 28, 1935 REGISTRY.

No. D 6612
Date 28/3/35

MEMORANDUM ON M. J. CONNOLLY

*See D.R.O.
file No 936
(the P.C.)*

Hugh Joseph Connolly was born in Birmingham, England, on September 12, 1901. He joined the 2nd Battalion, The Wiltshire Regiment, as a private soldier on October 11, 1920, and served with this regiment until December 11, 1929, when he was taken on the strength of the Municipal Police as Probationary Sergeant No. 351.

On September 24, 1931, Connolly was dismissed the Force after appearing before the Commissioner of Police on charges of (1) Neglect of Duty, (2) Corrupt Practice, and (3) Neglect of Duty. In connection with this matter he was also charged in N.B.M.'s Police Court with Aiding and Abetting a Robbery but was acquitted owing to lack of corroborative evidence.

Four Chinese Constables, who were concerned with Connolly in the affair, were sentenced to terms of imprisonment ranging from four months to five years.

Although Connolly was entitled to an indulgence passage to England he chose to remain in Shanghai.

During the local Sino-Japanese hostilities of 1933 he joined the Shanghai Volunteer Corps and was attached to Corps Headquarters where he acted as escort to motor cars. While serving in this capacity he was suspected of being concerned in the larceny of jewellery from a house off North Szechuan Road, but nothing was ever proved against him.

In March, 1933, Connolly applied for and was granted boarding-house and restaurant licences for premises No. 111, Hunge Road. It was later ascertained that apart from being the licensee he had no connection with the establishment, and that he had obtained the licences for the Chinese proprietor in return for free board and lodging. In April, 1934, he attempted to transfer the licences to No. 113, Hunge Road, but the transfer was

7
-2-

not recommended.

Apart from various odd jobs as a salesman
Connolly has been unemployed since his dismissal
from the Shanghai Municipal Police and he is reported
to be in debt. His present address is 12-A,
Darrock Road.

SHANGHAI MUNICIPAL POLICE. *66/38/35.*

CRIME DIARY.

20-3-35.

"A"

Division.

Chengtou Road Police Station.

4th April 1935.

CRIME REGISTER No:—

Diary Number:— 4.

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

Bomb found in garden of No. 183 Yates Road.

Mr. Chu has been further interviewed on several occasions but states that he has received no further telephone calls or communications of any nature, watchmen have been warned to be particularly observant and discreet enquiries have been made among servants in complainant's house but nothing whatever bearing on this case has come to light, there now appears to be no line along which detectives can conduct enquiries but should any further incidents occur or any information be received same will be investigated and form the subject of a further diary.

H. C. Biggs
D.S. 192.

llw
5-4.

S.I. information.

Noted

File

H.G. 5/4/35.

J.P.

5 APR 1935

FM
G. 40,500.1-35

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. 2. REGISTRY
File No. 6613
Date 1.12.1935

REPORT

Date March 28, 1935.

Subject Bomb incident at 184 Yates Road.

Made by D.I. Sih Tse Liang

Forwarded by H. Grubb

Enquiries made at various sources have so far failed to elicit any definite information to account for the presence of a bomb casing in the garden of the house at 184 Yates Road, on March 20, 1935.

The owners of this house are named Cheu Zang Sung (邱長生) alias Cheu Pang Nien (邱彭年), native of Yangchow and his young brother named Cheu Zang Ying (邱長慶), the former being the controlling figure.

They are, in addition, shareholders of the Sung Tsang (生德) Native Bank, No.3 Zang Shing Li, Tientsin Road, and the proprietors of Teh Chong Sung (德紀生) Dye Stuffs Shop, Lane 237, No.37 Canton Road. Discreet enquiries made at both of these concerns, particularly the latter one, show that neither of them has ever received any threatening letter or communication in any other form which might throw light on the case.

It is worthy of note that Cheu Zang Sung was not of Cheu's family but was an orphan adopted in infancy by Cheu Wei Ching (邱渭清), a wealthy merchant of Yangchow, now deceased. Following this adoption Cheu's concubine, however, gave birth to a son, known as Cheu Zang Ying, and now about 15 years of age. After Cheu Wei Ching's death in 1932, Cheu Zang Sung took over the family affairs.

It is reported that a dispute arose over the question of the property between him and his adopted father's lineal relatives, but this was later settled through negotiation. Almost simultaneously an old woman named Tsiang Chiang Sz (蔣姜氏) appeared and, claiming to be the mother of Cheu Zang Sung, demanded that he return.

RECEIVED
MAR 29 1935
CRIME BRANCH

File
Mh

MAR 29 1935

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

Station.....

Date.....19

Subject.....

Made by..... Forwarded by.....

- 2 -

An application was subsequently filed by the woman with the Shanghai 1st Special District Court for assistance in obtaining her demand, but it was rejected on March 1, 1935. This case has not yet been concluded pending an appeal by Tsiang Chiang Sz.

It is reported that this claim was engineered by certain persons who are endeavouring to oust the adopted son from Cheu's family, or, as an alternative extort money from him.

Sih Tse Liang
D. I.

D. C. (Special Branch)

Copy of this report forwarded to W.O.P. and Senior Detective 16 Chengta Road

11/1 28 3. 35

D.C. (Crime) Information.

J.H.G.

CHENGDU ROAD STATION
REF. No. 38/35
DATE 20-3-35

F. 21F
G. 12010-10-33

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—
Division.
Police Station.
19

Diary Number:— 1. Nature of Offence:—

Time at which investigation begun and concluded each day.		Places visited in course of investigation each day.
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RECORD OF INVESTIGATION.

Bomb found in garden of No. 184 Yates Road.

At 8.20 p.m. 20-3-35 one Zung Zang Hai (陳長海) employed as a cook at No. 184 Yates Road came to the station and reported that a bomb had been found in his employer's garden at 8 a.m. 20-3-35.

From enquiries made by the undersigned, C.D.S.66 and C.D.C. 300 it was ascertained that No. 184 Yates Road is a large Chinese dwelling house situated at the corner of Yates and Weihaiwei Roads in a large garden and surrounded partly by a brick wall about 10 feet high and partly by outbuildings belonging to the house which is occupied by a wealthy Chinese named Chu Zang Sung who is a partner of the Sung Tsong (沈榮生) Native Bank, No. 3 Zang Sing Li (張生里), Tientsin Road and the proprietor of a dye and colour shop at No. 27 Lane 127 Canton Road. At 8 a.m. 20-3-35 a gardener named Mau Zang Woo (馬長華) found a bomb of the Chinese military type lying in two pieces on a concrete path in the garden near the 10 foot wall which bounds the Western side of the grounds (Yates Road) there were no marks or other signs of an explosion having taken place, he picked the two pieces up and took them into the house and placed them on a table, his employer had already left the house so he decided to wait until his return before informing the Police, at about

S.I. Information.

DC (Sp B-)



SI, For comment please.

Jly
MAR 1935

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—Misc.No. 38/35.Ch.Rd. Division. Police Station.

Diary Number:— 1.(Sheet 2).

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

9 a.m. a coolie named Zang Sz (張四) saw the pieces of bomb lying on the table and began inspecting them and during the course of his inspection he banged the percussion pin on the table with the result that the detonator went off and the small metal cap struck an electric light bulb immediately over the table but did no further damage, Mr. Chu returned home from his business at 8 p.m. and on being informed of the foregoing facts sent his cook to report to the Police. The bomb had obviously been interfered with and the explosive removed some time previous to it being thrown over the wall as it had not exploded when it fell on the concrete path but being made of cast iron had merely broken into two pieces from the force of the impact. There is at present nothing whatever to show any cause or reason for the bomb being thrown over the wall, Mr. Chu was interviewed and stated that he has had no quarrels or business troubles of any kind neither has he had any dealings in Japanese goods in any shape or form, he is at a loss for any reason why anyone should wish to harm or intimidate him in any way, no letter or other communication of an intimidating nature has been received by him today or on any previous occasion, it is thought possible that the bomb may have been thrown over the wall by someone who saw a policeman approaching, and feared he would be searched, there were 2 Indian

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No: **Misc. No. 32/35.Ch.Rd.** Division. Police Station.

Diary Number: **1. (Sheet 3).**

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

watchmen on duty during the night and they were in a small hut inside the gate, they saw and heard nothing although they were quite close to the spot where the bomb fell.

Mr. Chu has promised to inform the Police of any further developments, in the meantime Police on duty have been warned to pay particular attention to that part of the district and to arrest suspicious characters loitering in the vicinity, the bomb which is absolutely harmless is being kept in the Station.

Enquiries proceeding

D.D.O. "A" and Sen. Det. and Inspt. i/e informed.

EW
21-3.
JAG
22 MAR 1935

D.H. Beag
D.S. 192.

D-6614

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6614

28 9 36

THE NORTH-CHINA DAILY NEWS, FRIDAY, SEPTEMBER 25, 1936

TOKYO BANS "FORTUNE"

**Prohibited Photographs Printed
in American Magazine**

Tokyo, Sept. 24.

An official order here to-day banned the September issue of the American magazine "Fortune" from Japan. The September issue of the magazine was devoted almost entirely to articles on Japan. A spokesman for the government explained that the magazine had been banned because of prohibited photographs printed in the current issue.

United Press.

*file
th*

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The following article is extracted from "Fortune",
an American Magazine dated February, 1935:-

THE MANCHURIAN MUDDLE

The Japanese Army experiments in state socialism.

Manchukuo's bandits, bank notes, boom.

And her two great men: Chen and Minami.

On a bitterly cold day in March, 1934, a mild, bespectacled Chinese youth, robed in multicolored silks, solemnly ascended a flight of steps leading to the top of a curious terraced affair of brick and earth. The wind whistled over the bleak Manchurian plain, a pale sun shone wintrily in the heavens, the small group around the steps watched silently as the young man went through the traditional ceremonies that made him God's Regent on Earth. It was a cynical little gathering - Japanese officers who had put him there, Chinese officials who hoped to line their pockets with new-regime gold, silk-hatted foreign correspondents who made no effort to conceal their skepticism.

The ceremony over, the youth descended the steps and entered a bulletproof American limousine. No cheering populace greeted him. His subjects, indeed, had been carefully kept at a distance. The car drove rapidly back to the imperial "Palace", a soldier stiffly at attention every few feet of the five-mile drive. The Manchurian troops, 50,000 of them, kept an eye on such Manchurian subjects as ventured outdoors that day, and seasoned Japanese soldiers in a one-to-three mixture were posted to keep an eye on the native troops. Everyone breathed easier once the Emperor was back safe in his palace. There he ascended a "dragon throne," like the terraced "altar of heaven" a makeshift imitation of the real thing in Peiping. Thus Pu Yi, twice Emperor of China, became Kang Teh ("Tranquility Virtue"), first Emperor of Manchukuo. A Manchu ruled once more in Manchuria, and the mighty line of Manchu Emperors had come full circle.

The land over which Emperor Kang Teh rules, with some assistance from the Japanese, has been compared to an autumn leaf. The stem is the Kwantung Peninsula, the veins are the rivers and railroads that twist over the great Manchurian plain, and the curled edges are the mountain ranges that bound Manchuria. It is a large land, as big as France and Germany together. Its life is organized around its skeleton of railroads, along which the 28,000,000 Chinese farmers, who raise 60 per cent of the world's soybeans, have settled. The backbone of the rail system is the great T formed by the Russian-dominated Chinese Eastern Railway, which runs west-east across the land, and the Japanese-owned South Manchuria Railway (S.M.R.), which strikes north from Dairen to meet it. At the juncture of the T is Harbin, 405,000 population, focus of the Russian influence and center of the important Sungari River traffic. All the other big cities and all the industries center around the S.M.R. zone: Hsinking, 167,000 population, the raw, booming new capital; Mukden (389,000), strategic center of Manchukuo's imports and exports pass; the Fushun coal mines and oil-shale works, the iron mines and steel works at Anshan, the iron and coal of Penhsihu; and finally, the 1,300 square miles of the Kwantung Leased Territory, which Japan acquired in 1905.

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If you are looking for "local color" the cities of Manchukuo may disappoint you. There are plenty of tumbling down Chinese houses and gaudy, smelly Chinese shops, but the travelers's dominant impression is how much it all resembles Bridgeport, Connecticut. This disillusion reaches its height in Dairen, from the factories and oil tank farms on its outskirts to the inevitable Yamato Hotel fronting on its inevitable circular park in the well-swept, asphalted heart of the city. Dairen even has its Atlantic City - the seaside summer resort of Hoshigaura, complete with a luxurious Yamato Hotel and a fine big golf course. In Mukden, contrast is especially sharp between the neat, modern "New Town" within the S.M.R. zone and the dusty, ramshackle Chinese "Old Town" walled in by crumbling bricks. In the New Town one is conscious of the big S.M.R. medical college, which specializes in research into Asiatic diseases, of the National City Bank, of broad streets and solid urban buildings. In the Old Town one wanders through miles of flimsy Chinese shops, for Mukden is the great shopping center for Chinese goods. Hsinking has all the flavor of a frontier boom town. New buildings are rising everywhere. The lobby of the Yamato Hotel is swarming with engineers, officers, promoters. The streets are jammed long after dark with shoppers spending money in handfuls. There is a Neon-lit movie palace with an interpreter standing beside the screen to explain American talkies to the audience. There is a big modernistic geisha house, where a live tree grows out of the floor and all the Japanese dancing girls have colds through the long Manchurian winters. Harbin, where Russian droshkies share the streets with Chinese coolies, is no longer the gayest city of Asia. But it still has its swanky Sungari River Yacht Club, which would not be out of place on the north shore of Long Island, its Russian night clubs, most famed of which is the Club Fantasia, and its large fur shops, where White Russians make a few yen out of the Japanese passion for furs.

Outside the cities, Manchukuo has little in common with Bridgeport, Connecticut. The former Chinese province of Jehol is famous for its fields of white opium poppies and its high smallpox rate. The whole northern area, consisting of most of Heilungkiang and Kirin provinces, is still pure frontier, a region of trackless forests and mighty rivers. Over the grasslands of Hsingan province roam nomadic Mongol herdsmen, living as their ancestors did in the days of Tamerlane and Genghis Khan. So the general picture is a core of Japanese industrialization - the S.M.R. zone - a middle ground of soybean fields patiently tilled by Chinese farmers, and an outer frontier district of mountains, Mongols, bandits, and shaggy-haired Manchurian tigers.

Up to the turn of the century the world regarded Manchuria with perfunctory interest. The Manchu Emperors who ruled over China from the seventeenth to the twentieth centuries used their homeland chiefly as a hunting preserve and a reservoir of Manchu "Bannermen" to support the Dragon Throne. Chinese immigration was actually forbidden during most of that period. But toward the end of the nineteenth century Manchuria began to come into her own. The first tides of Chinese immigration flooded over her fertile plains, and the Asiatic powers began to realize her economic and strategic possibilities. Japan declared a war on China and won it in five months - August to December, 1894.

She took Formosa and would have bitten off a good chunk of Manchuria had not Russia and the other powers intervened. Forty years later the powers found her less tractable. Having, for the moment, kept Japan out, Russia stepped in, converting Manchuria into virtually a Russian province. Then came the Russo-Japanese War, which ended in 1905 with Japan's taking over the Kwantung Leased Territory and most of the southern branch of the Chinese Eastern Railway (which she remodeled into the S.M.R.). Japan has never forgotten that the bones of 100,000 of her soldiers lay on the plains of Manchuria after that war.

Of some slight aid to the Japanese during the war had been a bold, bloody Manchurian bandit named Chang Tso-lin. After the war Chang, being at least as bloodthirsty as and considerably smarter than his fellow bandit leaders, waxed steadily in stature. To him the Manchus confided the task of defending their home province against the rising tide of revolution. This he faithfully did until he was convinced that the republicans were going to win out, whereupon he gracefully bowed to circumstances and delivered Manchuria to them. With equal grace, they recognized Chang's power as a fait accompli and made him Inspector General of Manchuria.

By 1934 Chang had grown so great that he marched his troops south of the Great Wall into Peiping and made himself ruler of all northern China. The illiterate son of a coolie, he lived in great style in Peiping, whose streets were scattered with golden sand whenever he passed over them. His amusements included playing mahjong for princely stakes, keeping a harem of Chinese, Russian, and English women, and giving state banquets at which cups of warm tiger's blood were served and perhaps the head of a guest or two chopped off pour encourager les autres. A clever negotiator, Old Chang played the Japanese game, though he was never a very trustworthy ally. Finally the Japanese grew bored with Chang and his double-crossings. In 1928 the armies of the Kuomintang came up from the South and drove Chang back to Manchuria. Just outside of Mukden his private train was dynamited, almost certainly with Japanese connivance, and Chang met an end as violent as any he had contrived for his dinner guests.

Chang was succeeded by his son, Chang Hsueh-liang, a frail, undistinguished young man whose energy had been sapped by debauchery and whose wits had been clouded by opium and the teachings of the Y.M.C.A. Old Chang had at least been willing to bargain with Japan, but Young Chang, crammed with Y.M.C.A. idealism, was a ripsnorting patriot. Besides, he was angry with Japan for killing his father. Within six months the flag of the Chinese Republic flew in Manchuria and Young Chang had declared his allegiance to the Kuomintang Government of Chiang Kai-shek (see Fortune, January, 1935). At once he began to put pressure on Japan with a view to curbing her influence and perhaps forcing her out of Manchuria altogether. He harassed Japanese businessmen with passport difficulties and illegal taxes. He nullified, in effect, the treaty right of Japanese to lease land. He struck at the S.M.R. with a system of Chinese railways which were designed to drain traffic away from the S.M.R. and down to Newchwang and the projected port of Hulutao, the Chinese answer to Dairen.

In such an atmosphere "incidents" multiply. By the summer of 1931 the Japanese had collected 300 grievances against Young Chang. Then came the killing of one Captain Nakamura, of the Japanese Army, by some Chinese soldiers. By the fall of 1931 the tension was unbearable. Young Chang had frightened the capitalists and the government of Japan, who had invested \$300,000,000 in the S.M.R. and another \$200,000,000 elsewhere in Manchuria. And, what was more dangerous, he annoyed the Japanese Army. Soon after the killing of Captain Nakamura, the Army was perfecting a "concrete plan for a measure to be taken against China". And then came.....

The "incident" that never happened

THIRTY-ONE inches of rail that probably never were blown up at all cost China Manchuria. The night of September 18, 1931, was dark in Mukden, capital and key city of Manchuria. Just outside the city a certain Lieutenant Kawamoto of the Imperial Japanese Army was practicing maneuvers with six privates along the tracks of the Japanese-owned South Manchuria Railway. At 10:00 a.m. they heard a loud explosion. Running to the place they found a section of one rail blown away. They were fired on; they returned the fire. By morning the city of Mukden with its enormous \$100,000,000 arsenal was occupied by Japanese troops. Six months later the Japanese Army was at the Great Wall, the native section of Shanghai had been captured by Japanese troops, and "Manchukuo" had been declared independent of China. A year later the Japs had defeated General Ma, the only Chinese general to offer effective resistance, and extended their control over northern and western Manchuria. Early in 1933, after a remarkable nine-day march in arctic weather, the Japanese pushed the Chinese out of Jehol and added that Inner Mongolian province to their new state. China had lost Manchuria, and all for the want of thirty-one inches of hundred-pound rail.

Why?

There is a good deal of doubt whether the Chinese ever blew up those thirty-one inches of rail. There is no doubt, however, that the perhaps fabulous explosion has been costly to Japan as well as to China. The Manchurian adventure has cost the people of Japan \$210,000,000 in direct "emergency" expenses, 10,000 killed and wounded, and enormous indirect expenses in the way of unprecedented increases in military expenditures. Recently the Cabinet was bullied into voting \$297,000,000 for next year's Army and Navy expenses. This was almost half the total budget and the biggest military appropriation in the history of the empire. Manchukuo has also cost Japan the goodwill of almost the entire civilized world and her seat in the League of Nations. It has cost her merchants some 50 per cent of their trade with their second biggest customer, China. Why has Japan poured out so much blood and treasure? Her fears for her Manchurian investment were a potent immediate cause, but we must dig much deeper than that.

Not to colonize

The pat answer is that Japan wants Manchuria for colonization. As everyone knows, the Japanese are crowded in their four tiny islands, 450 human beings to

the square mile. Industrialization has stayed off the famine point so far, but the land is over-burdened. Manchuria offers vast stretches of virgin soil, fertile and well-watered. On paper it looks like a deal.

But, unhappily, the Japanese are not a colonizing people. One of the most potent words in Japanese is "tamashii", the feeling for home as the place where, culturally and racially and in a family sense, one belongs. This mystical concept prevents the Japanese from feeling really settled anywhere outside the fatherland. Practical considerations also play a part in Manchukuo. The climate in Manchukuo is much colder than in Japan - the intense cold bothered the Japanese Army in its Manchurian campaign much more than did any Chinese opposition. And the Chinese standard of living is so low as to make it difficult for even the frugal Japanese to compete. Rice is "bread" to the Japanese, but to the Manchukuoan Chinese it is "cake", to be eaten only on state occasions. Their "bread" is a pancake made of kaoliang. The Koreans underlive both Chinese and Japanese.

Let Californians and Mr. Hearst scare themselves with visions of a Japanized Pacific Coast, the fact is the total of Japanese living outside Japan is less than 800,000. After twenty years of colonizing efforts in Korea, only 2 per cent of the inhabitants are Japanese. (The problem, indeed, has been how to keep the Koreans from overrunning Japan) Since 1931 the Japanese in Manchuria have indeed increased from 225,000 to 315,000 - but the new settlers, like the old ones, are almost all of them officials and businessmen. There are practically no Japanese farmers in Manchukuo even today. The S.M.R. spent some \$1,400,000 subsidizing groups of armed colonists, but results were so poor that it has abandoned the project. Colonization therefore can hardly be Japan's motive.

Not to exploit

MANCHURIA has been described by writers who should know better as a treasure chest of nature bursting with coal, iron, wheat, gold, and all things nice. Japan sorely needs raw materials. She imports both in quantities so huge that only her enormous exports of manufactures enable her to keep going. If Manchuria were as rich as she has been painted it would be obvious why Japan lusted after her. But she isn't. Japan needs coking coal, iron, oil, cotton, wool, fertilizers, timber. To what extent can Manchuria supply her needs?

Coal. The Fushun mines, owned by S.M.R., center around the biggest open-cut coal mine in the world. They produce 6,600,000 tons of the total 9,500,00 Manchurian annual production. Their coal is mined cheaply enough to undersell Japanese coal in Japan, but it is of poor coking quality and hence of little use in smelting iron. And coking coal is what Japan needs. She has enough ordinary coal - the 6 per cent she gets from Manchuria is imported solely because of its low price. Manchuria has large coal reserves, but what little is known about their quality is discouraging.

This is also a good place to note that in coal, as in other commodities, Japan was getting all she wanted from Manchuria before 1931. Setting up a puppet state makes Manchurian oil and iron no cheaper to Japan, nor does it affect the price of soybeans.

Oil. This is probably Japan's most pressing need, especially from the standpoint of national defense. She imports 90 per cent of her oil, a state of affairs all the

more appalling because her military forces use a good third of her total consumption. No oil wells have yet been found in Manchuria but the Fushun coal is overlaid by oil-bearing shale, and in 1929 a big oil-extraction plant was erected there. It is, however, an enormously expensive process and the plant has never been a commercial success. Operated at capacity, it would supply less than 10 per cent of Japan's annual consumption. The S.M.R., on the other hand, estimates that its Fushun shale reserves are enough to supply all Japan's needs for a century - if the government could feet the bill that long. At present the Fushun deposits are worked for strategic rather than commercial reasons; the Japanese Navy obligingly takes the entire output of Fushun oil at cost.

Iron. Equally essential to Japan's peacetime economy and her preparations for war is iron, and here too she faces a serious shortage at home. Over 90 per cent of the iron she uses is imported. The big Manchurian iron mines are at Anshan, with Penhsihu a very poor second, but both produce ore of such low quality - 30 to 40 per cent iron content - that Western countries would not bother to mine it. The silicon content is high, a drawback in using it for steel. Like the oil-recovery plant, the Anshan works run at a loss which is borne in the end by the Japanese Government. Again, as with oil, Manchukuo's iron reserves are enough to supply Japan for centuries - but the cost would be staggering. Military necessity, however, laughs at economics, and by the end of 1934 the S.M.R. expected to have in operation at Anshan the Showa Steel Works, which will be the second largest steel plant in the Far East.

Agriculture. Ironically enough, it is as a source of food supply that Manchuria seems to promise most to Japan, and it is precisely here that she is least needed. Although Japan has a big trade deficit in foodstuffs, the problem at present is not acute. Rice is her main need, and she gets almost 90 per cent of her import requirements from her colonies, Korea and Formosa. She might import Manchurian wheat if she could induce the Manchurian farmers to raise it. But wheat is fairly hard to raise and the Manchurian peasant can't afford a gamble. For his own food he raises kaoliang, whose scarlet plumed stalks tower eight feet in the air. For his cash crop he sticks to that amazing vegetable product, the protean soybean (Fortune, June, 1930). Manchukuo produces 60 per cent of the world's soybean crop. The soybean is eaten as vegetable, cheese, pickle, flour, butter, and salad oil. It also plays industrial roles in soapmaking, dyestuffs, plastics, etc. Its main uses, however, are as cattle feed and as fertilizer, and the soybean is Manchukuo's only important agricultural export to Japan. It is mostly used as fertilizer for the little fields that must support so great a population burden. Even this use, however, is threatened by the development of a native sulphate of ammonia industry - per unit of nitrogen, sulphate of ammonia is considerably cheaper as a fertilizer than the soybean. Almost anything can be raised on Manchukuo's fertile, well-watered soil, and the time may come when Manchukuo will supply more than soybeans to Japan. But for the present only a little more than one-fifth of the total raw foodstuffs imported into Japan comes from Manchukuo.

Et. cetera. Japan needs cotton, not obly for her textile mills but also to make munitions. Chaffing at the tremendous quantities she must annually import, she hopes to develop cotton areas in Manchukuo, plans five agricultural experimental stations. But foreign experts are skptical about the chances of growing cotton so far north There is one thing that Manchuria can supply to Japan and that is timber. So far she hasn't - only some 1 per cent of Japan's big timber imports come from Manchuria - but her forest reserves are enormous. Once the bandits have been suppressed, Japan should be able to get most of her timber from Manchuria.... By encouraging the wandering Mongol tribes in their stock raising, Japan hopes to increase Manchuria's wood output, throw off her dependene on Australian imports... The streams of the North yield a little placer gold - some \$2,000,000 a year. The S.M.R. has been sending out armed groups of prospectors but so far without making any sensational discoveries... Magnesite fanciers will be thrilled to learn that Manchukuo's magnesite deposits are "the best in the world" and that reserves are calculated at 20,000,000,000 tons.

But To fight

There are those who think that the next great war will be fought on the plains of Manchuria and Mongolia. (See map on page 82) For Manchuria is the military key to the Far East, a buffer state wedged between the three major Asiatic powers: Japan, Russia, China. Whichever of the three controls Manchuria has a first line of defense, or offense, against the other two. To Japan especially, with only Korea as a foothold on the continent, Manchria has become her "life line". If she let go, the surf of war might sweep her off the mainland. For strategic reasons at least Japan felt it necessary to take Manchuria unto herself. Even the gray web of Manchurian economics is shot through with the scarlet thread of war. Manchurian oil and iron, as we have seen, are too expensive to interest anyone but the soldier, who never counts the cost. The new railroads Manchukuo is pushing over her plains, at the rate of five miles a day, are at least as important strategically as commercially. This, then, is one sound explanation of Japan's interest in Manchukuo - as a theatre of war. Already the stage is being set. Russia is said to have from 100,000 to 200,000 troops along her side of the border. Japan has 80,000 of her own troops in Manchukuo today, to say nothing of 100,000 Manchukuo troops - of whom the less said the better.

An to fulfill

But the deepest motivation of Japan's Manchurian adventure is neither colonial nor economic nor even strategic. All this reasonable arguing about it and about is beside the point. The Japanese Army marched through arctic weather into every corner of Manchuria primarily because it was driven by an urge for conquest as strong and as irrational as any sexual libido. Freud would have understood. The glorious, golden vision of empire was before its eyes. The Japanese nation feels that it is divinely ordained to rule over Asia. When America felt that way she talked of "manifest destiny".. England referred to "the white man's burden". Germany spoke of "Kultur" and demanded "a place in the sun." Japan's

less imaginative catchwords are "Asia for the Asiatics," "Japanism". When men lust after women or nations after empires, they don't act or talk rationally. For five hours the eminent but drearily reasonable gentlemen of the Lytton Commission once sat and listened to the voluble explanation of one of Japan's leading statesmen. They were embarrassed to find that they just couldn't make sense out of the harangue. For the deepest roots of Japan's Manchurian policy lie far beneath the surface of conscious expression. They draw strength from a supra-rational, almost mystical Nietzschean will to power.

Our thread of reasoning has led us to the very heart of the Manchurian labyrinth, where dwells a fearsome Minotaur indeed; the Imperial Japanese Army. The two strongest motives for taking over Manchuria, military strategy and sheer lust for empire, are precisely those that act the most powerfully on the Army. And the Army happens to be the most potent force in contemporary Japan.

The Army is boss

In the summer of 1931 a tense little group of young Army officers waited on Premier Wakatsuki. Earnestly they presented him with the "300 incidents", a list of Manchurian insults to Japan that they had drawn up, and earnestly they begged for war. Their request was refused. When Captain Nakamura was killed by Manchurian soldiers some weeks later, the Japanese Army began negotiations with China independently of the Japanese Government. When the Army's demands were not satisfied it proceeded to put into execution a carefully prepared plan of attack. It was so exclusively an Army show that in the early stages Japanese Consuls in Manchuria were as much in the dark as everyone else. For the next few months the world witnessed the incredible spectacle of a pacifistic government trying vainly to restrain its own armies.

The Wakatsuki Cabinet, like all succeeding Cabinets, had neither the legal nor the moral power to curb the Army. The Army occupies a unique place in Japan. It takes its order neither from the Cabinet nor from the Parliament but direct from the Emperor. The military heads, like the Premier, are responsible only to the Emperor, which, with all respect to their veneration for the Son of Heaven, means they are responsible only to themselves. The Ministers of War and Navy, furthermore, (1) must be a general and an admiral respectively, (2) do not have to resign when a Cabinet falls, and (3) have the right to appeal direct to the Emperor. Thus the military, controlled only by an unambitious Son of Heaven, can, and do, act pretty much as they please.

But the power of the Army goes far beyond legal forms. The Japanese people have had very little experience of either capitalism or democracy, and what little they have had has been disillusioning. The Japanese version of capitalism has brought wealth to a few Mitsuis and Mitsubishi's but it has long meant grinding poverty for the Japanese masses. The people speedily found it was useless to turn to the politicians, who were bought up by the capitalists almost in open market. That left only the Emperor - and the Army. The Emperor became a fetish, loyalty to him a mystic experience. And the Army, whose loyalty to the Emperor is as fanatical as its hatred of the capitalists and politicians, became the articulate voice of the people. The nationalistic, anti-Western,

back-to-the-old-ways campaign of the Army stirred the popular imagination. Western nations, disillusioned with capitalism, might dabble in Socialism and Fascism. But Japan, practically a medieval nation when Commodore Perry's black ships cast anchor in the Bay of Yedo in 1853, has gone straight back to feudalism. The old ways couldn't be any worse than the new ways that were forcing farmers to eat rotten fish and sell their daughters into Yoshiwara houses. And so when the Army decided to take over Manchuria, the people backed it up. The new land might offer a way out of their misery. That experts think it won't is beside the point.

The solid backing of public opinion smoothes the way for the Army juggernaut, but the motive power comes from within. At the core of the Army is an ultranationalistic, politico-religious secret society of younger officers, fanatics all of them, who live and die for two potent words: Hodo, "the Way of the Perfect Emperor", and Bushido, "the Way of the Warrior". The leader of this sect, fiery Sadao Araki, former Minister of War, epitomized the new feeling when he pronounced: "The spirit of the Japanese nation is, by its nature, a thing that must be propagated over the seven seas and extended over the five continents. Anything that may hinder it must be abolished."

The Puppet show

Once the Army had conquered Manchuria the question was how to hold it. It is no news that the Army's answer was to import from Tientsin the studious heir of the Manchus, Pu Yi. The career of this smooth-faced, retiring youth, who is happiest playing tennis or riding his bicycle, is a tale straight out of E. Phillips Oppenheim. How he was picked out as a babe by the grim old Dowager Empress to succeed herself, how a year after the 1911 revolution the six-year-old boy Emperor abdicated, how he grew up in the Forbidden City in Peiping, stripped of power but still allowed his elaborate court, how he was married to two ladies at the age of sixteen, how in 1935 he fled to the Japanese Concession in Tientsin for protection, how he was plucked thence to become chief executive of Manchukuo in 1932 and two years later to be crowned Emperor Kang Teh - all this is a story that can only be suggested here.

The government Pu Yi now heads is, to Occidental ways of thinking, a "puppet state". It is not even a very magnificent puppet show. The imperial palace of Emperor Kang Teh is a ratty, square building surrounded by low outbuildings full of soldiers. An audience with the last of the Manchu Emperor is not an impressive function. From the reception room, ornamented with spittons and shabby leather armchairs, one passes through a cramped corridor and up a creaky staircase to the small, low-ceilinged audience room. A red throne stands on a dingy red carpet and Emperor Kang Teh, looking somewhat uncomfortable in a military uniform, stands by the throne. He wanted to have his capital in Mukden, traditional seat of the Manchu Empire, but the Japs wanted a Japanese-built capital. They decided on Changchun, whose name they changed to Hsinking ("New Capital"). There is slight pretense made as to who is boss in Manchukuo.

When Western nations protest the crudity of the Manchukuoan puppet show they miss the point. The problem of Japan is not to reconcile outside powers to her seizure of Manchuria but to rule over a region that is 90 per cent Chinese. And so the Japanese Army propped up Pu Yi and his fellow straw men to win over the people of Manchuria (wherein they have not been entirely unsuccessful) rather than to delude the rest of the world (wherein they have utterly failed). To the Japanese the disturbing fact about Manchuria is that 28,000,000 of its 31,000,000 people are straight Chinese. Most of them emigrated from North China in the last fifty years. They came chiefly from the provinces of Hopeh and Shantung, that dismal region where overpopulation, exhaustion of the soil by centuries of cultivation, constant floods or drought caused by reckless deforestation, and bandit activities combine to produce an almost chronic state of famine.

To emigrants fleeing from such a country the fertile, well-watered Manchurian plain seems a land of milk and honey. Their exodus in recent years is one of the great mass migrations of history, reaching a peak of about 1,000,000 a year from 1927 to 1930. Hundreds of thousands of these were migratory coolies who went back to China for the winter, but most of them settled down for good. Since the Japanese came in, the flood of migration has been steadily drying up. Last September 19,000 coolies entered Manchuria through Dairen and 12,000 left, as against 21,000 arriving and 10,000 leaving in September, 1933. Japan is neatly impaled on the horns of a dilemma. To develop Manchuria the Japanese, unable to induce their own people to leave home, must encourage Chinese immigrants. But they are aware that China's strength lies not in arms but in the capacity of her people to settle and breed, and they are afraid that the sheer pressure of Chinese numbers may some day force Japan out of Manchuria.

For its purpose, the puppet government works well enough. The head of each department of the central government at Hsinking is Chinese, but each has a Japanese "adviser" to tell him what to do. It would be closer to the truth to call the Chinese the advisers and the Japanese the executives. So many Chinese officials left the country after the downfall of Young Marshal Chang that it has been hard to find enough able Chinese to go around even as figureheads. The Minister of Foreign Affairs, for example, is an amiable, slow-witted Chinaman named Hsieh-Chieh-shih (see page 87 for his picture), whose chief qualification for his post seems to be that he speaks French moderately well. The Vice Minister of Foreign Affairs is a cocky little rounded-faced Jap named Ohashi, a self-made man whose career has been made into a popular novel. Ohashi has a rather nasty sense of humor. On his desk is a buzzer. When he has drawn up a document he presses the buzzer and the Minister of Foreign Affairs hurries in and affixes his signature.

There is an old saying that well expresses the attitude of the Chinese peasant toward his government:

I dig my well and drink.

I till my land and eat.

I hunt to clothe myself.

Even the power of the Emperor is nothing to me.

The wise man pays such taxes as he must and expects nothing from the government. To preserve law and order he looks chiefly to the rule of the family. Beyond that, he may feel a personal loyalty to certain leaders, whom he follows without much regard for the forces behind them. "If the support of a particular leader can be secured by persuasion or coercion," comments the Lytton Report, "the support of his adherents... follows as a matter of course". In setting up Manchukuo the Japanese followed the lead of the Manchu Emperors, who filled the high court posts with Manchus but left local government to the traditional Chinese mandarins. Puppets the Chinese heads of the state may be, but they are invaluable to their masters. Sokolsky in the *The Tinder Box of Asia* goes so far as to say it is they "who determine the success of the enterprise. As long as they are willing to cooperate with Japan, the Japanese will have freedom of action to carry out their economic and strategic program. Should they oppose the new state, not even the Japanese Army can maintain peace there, for an uprising suppressed in one region would reappear in another."

Two men

CHENG HSIAC-HSU and Jiro Minami are probably the two most powerful men in Manchukuo today. Tutor and most trusted adviser of Pu Yi, Cheng is Prime Minister of the new state. As Commander of the Kwantung Army and Japanese Ambassador to Pu Yi, Minami controls the army that keeps the new regime in power and he represents the nation that pulls the puppet strings.

The conflicting cultures of China and Japan must be harmonized if the new state is to survive. Neither can get along without the other. The sharp contrast between an Oriental China and a Westernized Japan is clearly illumined by the contrast between the personalities of Cheng and Minami.

The Prime Minister

CHENG HSIAC-HSU (Su K'an to his friends) is probably the most intelligent person in Manchukuo. He is an old man of seventy-five, with a wise, gentle face and the lips of a poet. Like most Chinese gentlemen of the old school, he writes poetry and is an expert calligrapher. The Japanese seem to have a penchant for calligraphers; Yuma Chin-kai, whom they made Mayor of Mukden, is also known well for his calligraphy. But Cheng is far from a mere dilettante. He is one of the greatest living poets of China, and in a land where calligraphy is a fine art, Cheng is famous for his skill. Collectors pay well for specimens from his brush, schoolboys study facsimiles of his writing. As a painter he is also renowned, especially for his pine trees. But Cheng is no bewildered dreamer blinking owlishly in the dazzling light that beats upon a throne. The conduct of great affairs is nothing new to him. He has fought bandits, governed provinces, run railways before. He has been a diplomat, an adviser to Emperors, a major-domo-- always with honor and credit. Only a very old civilization could produce so remarkable a synthesis of the poet and the man of action. As he walks into a room there is an enlightened dignity about him that suddenly makes the button-headed Jap officers look brutal, clumsy, somewhat ridiculous. He is a puppet who dominates his puppeteers. He is the man of whom Sir Reginald Johnston, tutor to Pu Yi, wrote: "In twenty-five years of experience in China I had never met a Chinese for whom I had conceived a greater respect and admiration."

A single theme runs through Cheng's long and extraordinary career: his loyalty to the Manchu dynasty. Because of that he retired to private life when the Manchu Empire fell, because of that he has come back again as Prime Minister of Manchukuo. Born of a scholarly family in Suchow in 1859, he was sent to the Hanliyuan Academy at the Manchu court. By 1881 he was a civil servant and a poet of distinction. In 1890 he became secretary to the Chinese Legation in Tokyo, two years later Consul General for Kobe and Osaka. Recalled by the Sino-Japanese War, he was Director of the Peiping-Hankow Railway for five years. He later became military Governor of Kwangsi province, then suffering from an epidemic of banditry. After annihilating a large band, he turned to diplomacy. His eloquence was such that during his three-year term he completely suppressed banditry without fighting another battle.

Rewarded with the Star of the Double Dragon Treasure, Cheng retired to Shanghai and built himself a villa, Haitsanglou or "The Place Hidden By the Sea," where he happily wrote poetry and painted pine trees. His retirement was interrupted by service as an adviser on a proposed Manchurian railway - he advocated the all-Chinese port of Hulutao, an idea later taken up by Yong Marshal Chang and a term as Governor of Hunan province, which was cut short by the 1911 revolution. When the Manchus fell he retired again to Haitsanglou. "From this event will anarchy take its rise", Cheng predicted, accurately enough, in a poem written that year. Steadfastly he refused offers of portfolios in several republican Cabinets. But when Pu Yi, living a virtual prisoner in Peiping's Forbidden City, summoned him in 1934, he came at once. As master of the royal household he undertook to reform the expensive and corrupt court system. He began by abolishing his own salary. When Feng, the "Christian General", threatened the Emperor's life, Cheng devised the plan whereby he escaped to take refuge in the Japanese Legation. For the next seven years he was tutor, adviser, and almost father to Young Pu Yi. He and his son were the companions of Pu Yi when he journeyed to Manchuria in 1931 to take office as chief executive of the new state.

In a poem addressed to his eldest son, Cheng once wrote: "Riches and honors are worth no more than a wild swan's feather." He could have been one of the richest men in China - at a slight sacrifice of principle - but he preferred to live simply in his villa by the sea, supporting himself by selling specimens of his calligraphy. Display is foreign to his nature. He has always worn the simplest of Chinese garments except on two occasions: once when he put on a military uniform to fight bandits, once when he wore Western clothes on the journey to Manchuria with Pu Yi. His regimen as Prime Minister is strenuous enough to wear out a much younger man. He rises at 3.00 a.m., exercises for an hour or so, writes poetry or practices calligraphy for two hours, fortified by a fragrant cup of tea. This is the time he writes in his journal, which he has been keeping for fifty years. At breakfast, which consists of a bowl of rice gruel, he cheerfully surveys the day's work. His office day begins at eight forty-five and ends with his daily conference with the Emperor at six in the evening. He goes to bed firmly at nine every night, not scrupling to leave a banquet to do so. Tall and spare, he keeps himself in excellent condition.

The commander-in-chief

JIRO MINAMI was born into a samurai family in 1874. At the age of eleven he was formally dedicated to Mars, when his father put a wooden tag around his neck and sent him off to a soldier uncle in Tokyo. Uncle Miyazaki, a wealthy cavalry captain, spared no effort and expense to make a soldier out of his nephew. He succeeded. In 1895 young Jiro was graduated from the Tokyo Military Academy, which

he later headed. In 1903 he was graduated from the Army Staff College, just in time for the Russo-Japanese War. He went in a hard-riding, hard-drinking lieutenant, came out the same sort of captain. A clever tactician, a strict disciplinarian, long on action and short on words, Captain Minami steadily climbed the military ladder: colonel, chief of cavalry, commander in China, director Military Academy, vice chief general staff, commander in Korea, member supreme war council, and, finally, Minister of War in the Wakatsuki Cabinet.

By this time Jiro Minami had become a red-faced, bull-necked old soldier. Politicians like Wakatsuki and conciliatory Baron Shidehara, the Foreign Minister, he regarded as obstacles in the path of Japan's glorious destiny in Asia, and he made little effort to conceal his contempt for them. Later developments have justified him; today the war lord rides high while his two pacifist opponents are in complete political eclipse, fortunate, indeed, to have escaped assassination. Minami was one of the first to make the great discovery, since exploited to the hilt by the Army clique, that no Japanese politician will stand up to a uniform. When the "Mukden incident" of September 18, 1931, started the well-oiled Japanese Army machine on its conquest of Manchuria, Minami rode roughshod over the alarmed protests of the Wakatsuki Cabinet. There are many who even suspect it was a secret order from him that first set in motion the Army machine. It is pointed out that in August, 1931, he flatly opposed the plans of the Wakatsuki Cabinet to reduce the Army and declared that the Manchurian problem would "exist for a long time". Six weeks later the Japanese Army began to devour Manchuria.

Some see in Minami's appointment to the command of the Army in Manchukuo a portent that the meal is not finished. The man he relieves, General Hishikari ("Happy Sparrow"), is no milksop. Erect, iron-jawed, with a penetrating, almost savage wit, Hishikari is fond of fluttering his lady guests by declaring: "I come from the wild parts of Japan! I've never been tamed!" But Hishikari's restless panther eyes are nothing compared to the cold little eye-slits in Minami's gray-stubbled military mug. If the Army plans to move into Inner Mongolia, and there are indications that it does, Minami is the man to pull it off. Poker-faced - his constant smile reveals nothing - and diplomatic, he has successfully steered a middle course in the delicate maneuvering of Japanese intra-army politics between Nobuyuki Abe's conservatives and the extremists led by his schoolmate and successor as War Minister, Sadao Araki. A good listener, he rarely commits himself. No one quite knows what goes on inside his large, close-cropped bullet head. But he has a grim sense of humor. "These machine guns", his War Office once explained to the world, "are being sent to relieve Japanese troops in Manchuria, who are suffering from overwork."

Squat, belligerent Jiro Minami has only one thing in common with angular, pacifistic ex-Premier Wakatsuki: both are called "Gozen Sama" ("Mister Morning"), a title popularly conferred on those who drink until the small hours. The Japanese, lightheaded tipplers as a rule, greatly admire anyone who can hold his liquor. The "Mister Morning" band is a small and select group. In his early days Minami drank from breakfast to bed. As a junior officer in Formosa he searched vainly for a drinking companion who could keep up with him. Finally he discovered a corporal who, abashed,

declared he had no suitable civilian clothes. At once Minami bought him "a fine drinking kimono". Today Minami drinks moderately, with meticulous precision, downing two bottles of sake (rice wine) every evening, nine minutes for the first, twenty-one minutes for the second. Drinking is all very well but, proud of his samurai lineage, Minami keeps himself in good fighting trim. At the age of sixty - five years from retirement - he is still a passable fencer, an expert with broadsword and singlestick, a good horseman, and a devoted archer. When he is in Japan he lives in Kamakura, which is to Tokyo as Long Island is to New York. Every morning he walks down to the beach wearing a heavy wooden sword five feet long. After a strenuous bout of shadow-fencing, he pounds the nape of his neck with the sword in the firm belief that he thereby reduces the swelling caused by drinking and so prolongs his life. He then strolls along the beach for a half hour or so, lustily troling out the "Jorkri" songs of his native province.

The Puppet state of Manchukuo is thirty-four months old. Supposing that Cheng and Minami were to sit down and write an interim report, what would they itemize as their greatest achievements, their sorest failures?

Boom

The first thing travelers in Manchukuo notice is the boom atmosphere that pervades the South Manchuria Railway zone. Hsinking, the new capital, is being built up at a feverish rate; millions of yen have been spent on public buildings and houses for the Chinese officials and their Jap "advisers". If one ventures outside the S.M.R. zone, however, all traces of the boom have vanished - except for the railroads and highways being built under heavy guards of Jap infantry. The villages are more poverty-stricken, their inhabitants more tattered than ever. All of which is summed up in the balance of trade. The 1933 balance was unfavourable for the first time in fourteen years, and 1934 is going to be even worse. Low soybean prices have hit exports (\$145,000, 000 in 1933 against \$211,000,000 in 1932) and imports have shot upward (\$176,000,000 in 1933 against \$103,000,000 in 1932). Imports have been boosted by the big quantities of building materials brought in by the Japs. During the first seven months of 1934 iron and steel imports were more than double the same period in 1933, machinery and tools were up three times, vehicles one and a half times, cement double. Last July, for the first time in history, Dairen's trade topped Shanghai's.

The Chinese peasants who settled Manchukuo, however, aren't interested in the building boom at Hsinking or Dairen's rank as a seaport. They have suffered much in the last few years, partly from the economic dislocation that inevitably attended cutting Manchuria off from China - loss in trade, withdrawal of Chinese investments, etc. - and partly from the price of soybeans already mentioned. Eighty-five per cent of the people of Manchukuo are farmers; the miserable income of the average Manchukuoan peasant - family income is estimated at about one yen (twenty-nine cents) per person per month - has been seriously reduced. And so one finds that imports of commodities consumed by the masses have been falling off as imports of building materials have been increasing. Cotton piece goods were off a third in the first seven months of 1934, wheat flour a half, and so on. Bean prices rose last summer, however, and this year's crop is expected to be smaller than usual, to the relief of the Japanese authorities.

Bank notes

The pretty poster on page 86 stands for the greatest achievement of Manchukuo so far: the stabilization of the currency. Under the Changs the people of Manchuria lived in a fantastic world of fluctuating and conflicting currencies. Everyone printed money, from the provincial banks down to the kaoliang distillers, and it rarely occurred to anyone to redeem his paper. Most of these currencies had an extremely local popularity and a hectic history. All sorts of foreign money was also floating around - Chinese silver dollars, popular then as now because hard money has long been a rarity in Manchuria, Japanese yen in the S.M.R. zone, Russian rubles up north around Harbin. Confusion was worse confounded by the war lords, who printed emergency money and sometimes executed bankers tactless enough to trade in it at market rather than face value.

One of the first things the Japanese Army did was to seize the Chinese banks of issue, as a measure of "self-defense". Private deposits were generally recognized, but the chief assets, large sums put in by officials of the Chang regime, were confiscated. The three provincial banks and Young Chang's Frontier Bank were merged into the Central Bank of Manchu, which announced an ambitious program of stabilization. The Manchukuoan yuan was established, a managed currency that is artificially kept at an exchange parity with the Chinese silver dollar. Although it is probably not backed up by "at least 50 per cent gold and silver" as is officially claimed, the yuan is vastly preferable to previous currencies. It is strong enough to sell at a premium over the Japanese Yen. The Central Bank announced that after July 1, 1934, the former currencies would become legally worthless. It would continue to redeem most of them at fixed rates, however, up to July 1, 1935. By last July, according to the bank's figures, 93.1 per cent of the old money had been exchanged for new. Even allowing for propagandist exaggeration, this part of the program would seem to be a success.

Budget

The new currency is one boast of the Japanese. The other is that Manchukuo's budget has been in balance for the three fiscal years of the new state's existence. The 1934-25 budget adds up to \$64,500,000 and, except for a small highway loan, is perfectly balanced. A further point of pride is the budget's composition. Salt taxes and levies on the peasants, direct and indirect, used to supply the bulk of Young Marshal Chang's revenue; the Japanese have reduced salt taxes, making up for them by raising customs duties. The Changs spent 80 per cent of their state revenues on military purposes; the Japanese have reduced this item to 30 per cent. In Jehol province the opium poppy was cultivated on a big scale and revenues from opium made General Tang Yu-lin, Governor of the province under the Changs, a very wealthy man; the Japanese claim to have brought opium growing under strict control and to derive no revenue therefrom.

All these protestations are in part true, but each needs a skeptical footnote. The budget is balanced, but (1) no one knows how accurate the given figures are, (2) no one knows whether Japan or the S.M.R. has been making secret loans to Manchukuo. Military expenditures have been reduced to 30 per cent, but this is merely because the burden of maintaining the new regime has been shifted to the Japanese Army, which is paid for out of Japan's pocket. In the fiscal

year of 1933 Japan spent \$41,600,000 on its Manchurian forces, which is considerably more than the Change ever spent in a year. Japan's claims about opium are discounted especially heavily by observers. The government Opium Monopoly Bureau has set strict quotas for poppy growing, but these don't seem to mean much. Even the Japanese blushed slightly when the official Kirin Province Government Gazette on January 29, 1934, published on the same page the 1934 quota of the Opium Monopoly as 10,400,000 liangs and the estimated yield for 1934 as 19,400,000 liangs. Such control as there is seems chiefly designed to produce revenue. Despite a lot of high-powered propaganda about "rationing" every opium smoker in Manchukuo, travelers find the sale of opium wide open from Dairen, where Japanese peddlers made a fat living, to Harbin, where numerous little shops sell heroin, morphine, and opium to Russian school children for twenty cents a shot. This last has been explained as a pleasant little device of the Japanese to undermine the Russians, whom they don't much like.

Bandits

MANCHURIA is the traditional hom of banditry. The country folk call them "hung-hutze" or "Red Beards", according to some authorities because the bands were originally made up of Russian fugitives from Siberia, according to others because Manchurian bandits used to tie on huge red beards to scare people. Summer and fall are the bandit seasons, for the eight-foot stalks of mature kaoliang then give excellent shelter to lurking bandits. One rule is observed by all bandit bands: never kidnap a woman. Bitter experience has convinced them that (1) she invariably causes dissension in their band and (2) most Chinamen figure it is cheaper and more fun to buy a new wife than to ransom the old one.

The Japanese claim they have reduced the bandits of Manchukuo from 200,000 to a mere 40,000. Their efforts have been heroic, but impartial observers think there is at least as much banditry in Manchukuo today as there was under Young Marshal Chang. In 1932 Manchukuo spent \$15,700,000, 42 per cent of its total budget, for bandit suppression. This doesn't include the cost of maintaining 80,000 Japanese soldiers in Manchukuo who spend a large part of their time chasing bandits. The real point is that no one agrees on just what is and what isn't a bandit. The Japanese apply the term to all hostile forces, much as all opposing Nicaraguans were bandits to the U.S. Marines. Actually Manchurian bandits today may be (1) real, professional Redbeards carrying on a traditional calling, (2) remnants of the 200,000 soldiers Young Marshal Chang left behind him when he skipped over the Great Wall, (3) patriotic Chinese youths carrying on the same sort of guerrilla warfare that Francis Marion waged against the British redcoats in the Carolina swampland, or (4) farmers ruined by floods and low soybean prices.

To protest against society a Frenchman riots, a Russian sabotages, an Englishman writes to the Times, a Yankee votes the Democratic ticket, and a Manchukuoan turns to banditry. Its prevalence is a social barometer. The glass is falling rapidly just at present. According to Ben Dorfman's recent Foreign Policy Association report on Two Years of the Manchukuo Regime, the Japs made some progress in restoring peace and order in 1933 but have lost ground again of recent months. Last October, for instance, the Redbeards performed such versatile feats as raiding a primary school and carrying off three teachers and a hundred pupils, ambushing fifty Manchu cavalymen and killing forty-six of them, derailing a train loaded with Japanese soldiers, derailing and looting a freight train, attacking a road-construction camp and killing two Japanese, and kidnapping a provincial

mayor with his entire staff. Literally hundreds of such outbreaks occur each month.

"Bandits are like flies," says sardonic General Hishikari, ex-commander in Manchukuo, who should know. "Slap at them, they disappear. But they come back somewhere else." The Japanese have done a lot of slapping. The South Manchuria Railway allows no stalk of bandit-shooting kaoliang to grow within several hundred yards of its roadbed. It also makes great efforts to win the favor of villages along its tracks and gets them to report bandits. Propaganda units follow in the wake of the Army's punitive expeditions, hoping to convert such bandits as survive. The offer of a job building railroads or even hunting other bandits is the best argument. Sometimes the process is achieved with magical quickness. To a traveler who asked to see a real Manchurian bandit a local police official explained, "It is impossible. You see, we industrialize them immediately". But the industrialization has still a long way to go and even now one is safe from bandits only inside the heavily guarded S.M.R. zone. Such peaceful activities as playing golf and mending roads are carried on under the protecting rifles of Japanese soldiers. Banditry is the most pressing problem of the new state now and in the immediate future.

Bang goes the open door!

If the powers regard Manchukuo as part of China, let them deal with China," suggested the Japanese Foreign Office playfully. "Yes, they can appeal to China." And that was all the satisfaction the powers got out of Japan. Their grievance was a real one. The oil business is the biggest non-Japanese business in Manchukuo and it was threatened with extinction. Apparently it was to be delivered into the hands of the Manchuria Oil Co., whose stock was 80 per cent Japanese, 20 per cent Manchukuoan controlled. Wherefore Sacony-Vacuum, which has 300 agencies in Manchukuo and sells, or did sell, half the gasoline consumed there, and Royal Dutch Shell and Texas Oil Co. were much disturbed. And with them their respective governments. There were front-page headlines for a while and the State Department wrote some sharp notes, but when the uproar subsided the Manchuria Oil Co. was still in possession of its monopoly on oil sales. The open door, which the powers, including Japan, had years ago solemnly pledged themselves to maintain in China, had obviously been closed. The ingenuity of the Japanese Foreign Office in explaining it away was dazzling: the open door hadn't discriminate against any nation; it had been closed perhaps maybe but Manchukuo isn't part of China and hence the open door doesn't apply to her; Japan "merely declared publicly" she would respect the open door, is "not committed" to do so; and finally, Manchukuo is independent and what business is it of Japan's anyway?

The connection between the open door and the recognition of Manchukuo is a matter of debate. So far only Japan and El Salvador have recognized the new state. Salvador's Consul General in Tokyo frankly declared it was "purely a matter of business, the outgrowth of El Salvador's acute need of new markets for her coffee." Last summer Emperor Kang Teh bestowed a princely tip on Salvador, a 10,000-yen check for the relief of hurricane victims. Even unofficial gestures such as the recent goodwill trip through the country of the British Industries Mission are much appreciated: the Britishers went home with orders in their pockets for \$40,000,000 (reported) worth of railway supplies

and steel. A French group is preparing to follow them. "America is idealistic", the Honorable Hiroshi Saito, Japanese Ambassador to the U.S., recently observed. "And idealism in international affairs is a luxury".

In Korea today there is not a single foreign bank and very few foreign firms of any kind. Observers expect Manchukuo to repeat the pattern. Certainly the Japanese Empire supplied 44 per cent of Manchuria's imports in 1929 and supplies over 66 per cent today. The lucrative trade of foreign machinery and armament firms with the Changs' great arsenal at Mukden is now entirely in Japanese hands. No foreign investments of any consequence have been made since 1931 and the foreign colony in Manchukuo has been reduced from 143,000 in 1938 to less than 75,000 today. Automobiles are believed to be the next subject for a state monopoly. The Chrysler Corp. got its fingers burned last fall when the Kwantung Government, obviously acting for the Army, revoked its license to build an assembly plant in Dairen.

The closing of the open door would be more serious were it not for the microscopic size of non-Japanese foreign investments in Manchukuo anyway. The Japanese in 1930 had 70 per cent of all foreign investments, Soviet Russia 25 per cent, England 2 per cent, the U.S. and France 1 per cent apiece. The English have a small interest in the profitable Peiping-Mukden Railway, and the British-American Tobacco Co. dominates the tobacco trade - though there is now talk of a tobacco monopoly. The total U.S. investment is only \$4,500,000. The Russian investment is mostly in the famed Chinese Eastern Railway, which the Czar built, the French paid for, and the Soviet owns. Manchukuo has offered some \$50,000,000 for the Russian half interest in the road, and negotiations have been dragging on for months. When and if the deal goes through, practically all the foreign investments in Manchukuo will be Japanese.

The future: Army vs. Chinese

There is every reason to expect that the Japanese will give Manchukuo a more honest, efficient, and benevolent government than ever was its lot under the Changs. For one thing, they have a motive: it would be almost impossible to use Manchukuo as a strategic base in the next war if its people were hostile. Also, Japs have the technical ability to govern well. Their own form of government, after which the new state is roughly patterned, is notable efficient. Like all war lords, the Changs were in Manchuria only for what they and their henchmen could get out of it. Nor did they have any notion of good government. Their administration was wasteful, corrupt, and inefficient. No one worried very much about the appalling leakage in taxes: 90 per cent of all taxes collected never reached the central government at all. They spent 80 per cent of such revenues as they got for military purposes - on an army of 250,000 men and on the famous \$100,000,000 arsenal at Mukden. The Lytton Commission, while not approving Japanese rule for Manchuria, definitely opposed return to the Chang regime.

But the Japanese will find that it is not enough to rule well. They must also rule wisely. Westernized as they try to be, they regard efficiency as the summum bonum of government. Not so the old-style Chinese, who look on bungling and graft with all the indulgence of a Tammany ward heeler. "He who is not in office," admonished Confucius, "has no concern with the administration of its duties". If the Japanese are not careful, they will alienate their Chinese partners in Manchukuo by giving them too good a government. Korea is a case in point. Since Japan took it over in 1910 she has administered that dismal, poverty-pinched land efficiently enough. But the Japanese, like the

Germans, are too unimaginative and inflexible, too arrogantly nationalistic to be good colonists. Their rule, beneficent in material ways perhaps, is tactless, overbearing, heedless of native psychology. It is resented by the Koreans with an ever increasing bitterness. Observers trace a damning parallel between Japanese methods in Manchukuo today and in Korea thirty years ago. The expressions of loyalty to the new regime from chambers of commerce and other native bodies mean nothing. The archives at Seoul, capital of Korea, one apprehensively notes, contain bushels of the same sort of thing.

Whether the Army mind will ever grasp the subtleties of Chinese psychology seems doubtful. Recently the traditional provinces of Manchuria were split into smaller districts. The purpose of the move was reasonable enough: to reduce the power of the provincial governors and make it easier to extend the central authority over them. But many cool heads on civilian shoulders doubt whether the country is yet ripe of so drastic an upsetting of tradition. Nor is the direct-action policy of the Army calculated to win popular sympathy. The police chief at Mukden put it bluntly: "The Manchurian population does not enjoy the military administration. The Army has fired all the villages along a road stretching twenty miles between Shanchengchen and Tunghua, alleging that they were harbouring bandits. We question whether that is the way to enhance the Manchurian people's friendship." Because Mongolia is the possible theatre of the next Russo-Japanese war (see map on page 82) and the probable next addition to Manchukuo, the Army has made a special effort to be nice to the 2,000,000 Mongols of Manchuria. It has set aside the huge province of Hsingan (not included in the recent split-up) as a special Mongol preserve. Hsingan has more autonomy than the other districts of Manchukuo, and the Japs have forbidden Chinese settlers to invade it. Considering all this, the recent news of a mutiny among Mongol troops in the Manchukuoan Army is discouraging.

No amount of tact can do away with a certain amount of ill will caused by the very efficiency of the new government. Taxes are lighter and more impartially collected than in the days of the Changs and justice is dispensed more equally. The result is that many persons "privileged" for one reason or another have lost their special standing. By the same token, officials who once luxuriated in "squeeze" and bribe money now must get along on a comparatively unexciting salary. Stabilized currency is fine, but it means ruin to thousands of money-changers and speculators. New roads and railroads open up the land but they also deprive large numbers of farmers of their only paying winter job, carting produce over the frozen rivers to distant railroads.

The future: Army vs. civil service

The real threat to Manchukuoan stability, however, comes not from the Chinese but from the Japanese themselves. The Army conquered Manchuria, the Army set up the Pu Yi regime, and now the Army wants to run the country. It would like to take over the whole structure of Japanese interests built up in Manchuria during the past thirty years. There is, not unnaturally, opposition.

The lesser but currently more threatening conflict is between the Army and the civilian officials in the Kwantung Leased Territory. Soon after the Army began its Manchurian operations, it also began a steady encroachment on the sphere of the Kwantung Civil Government. The civil officials and the police, threatened with loss of "face",

vigorously resisted. The tension increased until this fall came the "reform plan" that put the Army in charge of the Kwantung police. The 15,000 officials of the Kwantung Government threatened to resign in a body. The police talked of open revolt. Even the hardboiled General Hishikari, then Commander of the Kwantung Army and Governor of the Kwantung Territory, was impressed. When his efforts at conciliation failed, he wired Tokyo advising the plan be dropped. The Army's reply was to replace Hishikari with Minami, about two minutes harder boiled. The reform plan is going right ahead. Any opposition is to be dealt with in the only way the Army knows - by force. Martial law is already in the air.

The future: Army vs. capitalists

A certain Japanese industrialist, discreetly anonymous, recently summed it up: "Our people do not seem to realize that the political right and left do not move away from each other in a straight line. They travel in a circle and the extreme right and the extreme left are exactly the same. Thus, while our government spends its time and its money to run down Communists, it spends even more time and even more money to attain the Communist objective from another direction. Manchukuo, despite the fact that it is controlled by adherents of the extreme right, seems to be growing up into a fine example of a socialist state." For chapter and verse of his accusation the anonymous industrialist could have turned to a document entitled The True Meaning of National Defense, which was broadcast last spring to the tune of 160,000 copies by the military authorities. Its phraseology was such as one finds in the Daily Worker - "uneven distribution of wealth," "poverty of the masses," "ineffectual State control". It suggested a thoroughgoing reformation of the economic structure, advocated greater state control over private interest so as "to advance the happiness of the nation as a whole."

The Army wants to set up state socialism in Manchukuo. The capitalists want freedom to exploit the country. The outcome of this conflict, part of a broader struggle at home, will decide the future of the new state. So far the Army has had things all its own way. Last year Manchukuo announced a ten-year plan for the development of railroads, wheat and cotton, mineral resources, and so on. One of its cardinal points: "The State shall control the principal industries for the systematic development of resources". All utilities are government monopolies - telephones and telegraphs, railways, electricity, even aviation. There are official companies for gold mining, forestry, cotton raising, motor trucks, tobacco and oil distribution, and even for patent medicines. Consider the Manchu Denki-gyo Kabushiki Kaisha, which has just been formed to control all electric enterprises. It will have a paid-up capital of \$25,600,000, which will make it second only to S.M.R. among Manchukuoan companies. Its President will be a retired Jap general, one of its two Vice Presidents will be a Manchukuoan Government official. No shares will be sold to the public.

The Army's latest idea is to put all commerce and industry under a grand economic council, half Japanese and half Manchukuoan. Over this all-powerful body will preside no other than bull-necked Jiro Minami, Commander of the Kwantung Army and Ambassador to Manchukuo. For the present, all new business enterprises must be sanctioned by the Manchukuo Department of Industry. And the special section

of the Kwantung Army is "adviser" to the Department of Industry. "Military men complain that private capital is not rushing to invest its money in Manchuria," comments one Japanese newspaper. "Why should it? The government is running or plans to run everything... No industry of any importance is left to the private industrialist". The Army is developing Manchuria's resources primarily for military reasons, and it wants no interference from capitalists.

The future: Army vs. S.M.R.

The last great champion of capitalism in Manchukuo is the South Manchuria Railway (see Fortune, February, 1932, for a detailed account). Of the \$500,000,000 invested up to 1931 by Japan in Manchuria, \$300,000,000 went into the S.M.R. and its subsidiaries. The Japanese Government owns 51 per cent of S.M.R. stock, which it paid for by turning over to the railroad a hundred-foot strip of territory along its roadbed that bulges out here and there to include choice sections of various cities, the Fushun coal mines, the Anshan iron deposits, and so on. The other 49 per cent is held by Mitsui, Mitsubishi, and other Japanese banks and investors. From 1905, when Japan took over the railroad from Russia after the Russo-Japanese War, up to 1931, Japan's interests in Manchuria crystallized around the S.M.R. It was, and is, a great deal more than 691 miles of excellent roadbed, some 500 powerful modern locomotives, some 8,000 freight cars, and some 550 sleek, luxurious passenger cars. It has only some \$78,000,000 invested in railroading. The rest is made up of such items as coal mines (\$34,000,000) and municipal undertakings (\$42,000,000). The S.M.R. made Dairen second only to Shanghai among Chinese ports and perhaps the most modern port on the mainland of Asia. It has played a big part in developing Manchuria's huge soybean crop, and its agricultural experts instruct Manchurian farmers in the mysteries of tractors and crop diversification. It has its own schools and its public-health service fights bubonic plague throughout South Manchuria. It is impossible to imagine Manchuria without the S.M.R.

The Army well knows that so long as the S.M.R. remains the colossus of Manchukuo the power of the military will be curbed. For many months it has been making strenuous efforts to shear the S.M.R.'s Samson locks. The Kwantung Army has set up its own Economic Research Bureau in opposition to the S.M.R. economists. This body, which makes up in sheer brute power what it may lack in expertness, has made a modest proposal: to strip the S.M.R. of fifty-seven of its sixty-four subsidiary enterprises. The companies thus split off would, of course, come under the control of the Manchukuoan Department of Industry, whose "adviser" happens to be the Kwantung Army. It is further proposed that the remaining assets of the S.M.R. be turned over to a holding company that shall hold the controlling shares in all industries related to national defense - a conveniently broad definition. This holding company shall be directed by the Economic Research Bureau of the Kwantung Army and managed by the Commander of that Army. This astonishing product of the military mind would be a joke anywhere except in Japan.

Even if the Army carries out its plan, the S.M.R. will remain the economic key to Manchukuo. It will retain its coal mines, its iron deposits, its control of the Dairen harbor works, and its railroads. Indeed, the Army so far has played fairy godmother to the S.M.R. The construction boom has contributed to up the company's profits an estimated \$3,000,000 for 1934. The 8 per cent dividend is safe another year. As a railroad, the S.M.R. has greatly increased in stature since 1931. The new state has taken over the Chinese railroads in its boundaries as "security" for the

repayment of the Japanese loans, many of them made by S.M.R. itself, which financed their construction. All these lines have been turned over to the S.M.R. to manage. This means not only a fat fee but also the end of the cutthroat competition with which the Chinese lines harried S.M.R. during the last years of Young Marshal Chang. It is good business. And since railroads are the economic and strategic keys to Manchukuo, it means that S.M.R. will continue to bulk large in the new state. Unless, of course, the Economic Research Bureau of the Kwantung Army evolves another plan.

Now that all the evidence is in, now that Manchukuo has been considered as a battle-ground and as a field for Japan's imperialistic ambitions, now that her coal and iron and wheat have been appraised and the balance sheet of her first year of empire totted up, now that the dangers that threaten her and the men who made her have been chronicled - after all this, the final word belongs to a man who died six years before Manchukuo was founded. The late great Dr. Sun Yat-sen, "father of modern China," prophesied a quarter of a century ago: "If Japan needs Manchuria, China may give it to Japan. But one thing I emphasize is that any foreign country that takes Chinese territory is liable to be assimilated by China in the course of time." The Manchus conquered China only to be assimilated by the slow, irresistible fecundity of the Chinese so thoroughly that Manchu has joined Sanskrit among the dead languages. Remembering this, even the Japanese, struck blind with the dream of empire, may well pause and consider.

D-6615

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D-6617

SECRET

SHANGHAI MUNICIPAL POLICE.

File No. 6615

S. 4, Special Branch ~~XXXXX~~ 97

REPORT

Date January 29, 1937.

Subject Ernst SCHUSTER --- Return to Shanghai.

Made by and Forwarded by D.S.I. Golder.

Ernst SCHUSTER, German, suspected narcotic dealer, subject of attached reports, etc., returned to Shanghai from Manila per the S/S "Victoria" on January 27, 1937, and resumed occupancy of his office at the Hamilton House.

D.S.I. Golder

D. S. I.

D. C. (Special Branch).

Copy sent to S.

DBK 29/1

D.C. (Crime)

DBK 29/1



FILE

DBK 16.

SECRET

SHANGHAI MUNICIPAL POLICE.

File No. 3605

S. 4, Special Branch Station

REPORT

Date: January 8, 1936.

Subject: SCHUSTER, Ernst, German - Departure from Shanghai.

Made by _____ and _____ Forwarded by D. S. I. Golder.

Ernst SCHUSTER, German, aged 44, manager of the Cosmo Paper Company, Room 240/242 Hamilton House, who arrived in Shanghai together with Kurt Smith, suspected narcotic smuggler by the S/S Tsingtao Maru on March 28, 1935 left Shanghai on January 5th, 1937, for Hongkong and Manila by the S/S Conte Verde. It is reported that he will return to Shanghai per the S/S Victoria on her next visit to Shanghai.

D. S. I. Golder

D. S. I.

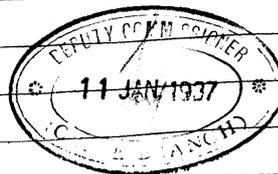
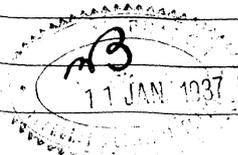
D. C. (Special Branch).

Copy sent to M. S.

DBR 9/1

DC (C)

*CSF
K.V.
DBF
2/1*



SHANGHAI MUNICIPAL POLICE.

Special Branch S.A. 2. *Section 1*

REPORT

Date April 3, 1935

Subject: Wharerooms and activities of three Germans named Smith,
Goldschmidt and Schuster.

Made by D.S. Jones Forwarded by *B.B. Lumsden, J.P.*

Inquiries conducted by the undersigned reveal that Kurt Smith, a German of British descent, age 46 years, recently arrived in Shanghai from Berlin, travelling via Dairen and Tsingtao. At Dairen he is reported to have met Goldschmidt and Schuster, whom he accompanied to Shanghai.

Curt Smith was born at Harburg on the Elbe on February 21, 1889. His father was English and he acquired Prussian citizenship. In 1927 Smith was involved in a Narcotic case in Hamburg. Proceedings were taken against him, but owing to lack of evidence these were discontinued. His name cropped up again in connection with narcotics in 1931. On November 30 of that year a Dr Fritz Mueller, the central figure in a sensational case involving hundreds of pounds of illicit drugs and millions of Swiss francs, was sentenced at Basel to one month's imprisonment and fined 20,000 Swiss francs. Smith was mentioned as an associate of Mueller whose operations took place in the Far East.

*See Lumsden
Registry 76
E 417.*

Smith is one of the partners in the Machine and Engineering Corporation, representatives of F. Bower & Co., Transports, the head office of which, according to the plate outside the office in the Whiteaway - Leidlaw building, 410 Szechuen Road, is at Mercey Chambers, Liverpool. On the Aliens' Registration Form he claims as friends Dr Windisch, living at Hamilton House, and Dr Balthaser, whose address he gives as No. 1 Great Western Road.

Robert Goldschmidt, age 30, German citizen, born at Harburg/Elbe, travelled here on passport No. 560, issued at Hamburg on January 21, 1935. On the Aliens' Registration Form he indicated that he is connected with Bunge & Co., Ltd and

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date 19

Subject

Made by

Forwarded by
(2)

that he proposes staying four years in China. He is residing
at Apt. No. 641 Hamilton House.

Ernst Schuster, German, age 44 years, was born at
Heilbronn. He is in possession of passport No. 25/35, issued
at Shanghai on January 30, 1935 and travelled here from
Berlin via Dairen. Schuster is manager of the Cosmos Paper
Company, No. 240-242 Hamilton House.

These three individuals arrived at Shanghai on board
the s.s. Tsingtao Maru on March 28, 1935.

B. Jones
D.S.

Deputy Commissioner,
Special Branch.

\$2,
Please let me have a
spare copy of this report. *JMG*

4 APR. 1935

Sir:
copy attached *JMG* 4/4/35

Mr. Yao,
Please send a copy to 'A'
with my compliments. *JMG*

4 APR. 1935

File
JMG
copy sent
JMG
4/4/35

4 APR. 1935

GRAND MUNICIPAL POLICE
S. E. REGISTRY.

D 6615

30 3 35

Special Branch,

March 30, 1935.

S.2

Please make inquiries regarding the present whereabouts and activities of Goldschmit and Schuster, Germans, who recently arrived from Dairen in company with Kurt Smith who is known to the Narcotic Section. It is suspected that Goldschmit, Shuster and Smith are Komintern agents. It is known that the last named has been using Whiteaway and Laidlaw Building, No.410 Szechuen Road (the American Book and Supply Co. ?) as an address.

** No record in S.E. Reg.
* See Serial 417
No record in Br. Reg.
2/14/35*

J. W. Owens
D. C. (Sp.Br.)

D.S. Jones
SSB 3/15

FORM NO. 2
2000-12

SHANGHAI MUNICIPAL POLICE

C. S. 6, Special Branch, SHANGHAI MUNICIPAL POLICE

REPORT

File No. _____
No. S. B. D 667
Date June 21, 1940.

Subject (in full) Soviet Citizen - Arrival of.

Made by D.S. Hocking, Forwarded by Supt. Mason.

Mr. N. I. KOVTUNENKO, citizen of the U.S.S.R.,
arrived in Shanghai from Hongkong on 17-6-40 aboard the
s.s. "Yusang".

Hocking
D. S.

D.C. (Special Branch).

D.S. Hocking
(Signature)

*Seen by
Russian detective
In. 25/6/40*



SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE

File No. D

Section 2, Special Branch, Station 1

REPORT

Date April 15, 1935.

Subject N. I. Kovtunenکو, suspected Soviet Agent.

Made by D.S. Tcheremshansky

Forwarded by A. D. Lovensky

With reference to the endorsement of the Deputy Commissioner (Special Branch) on the attached report regarding N. I. Kovtunenکو, enquiries show that this individual is reported to have arrived in Shanghai from Harbin in order to work among the local White Russians as a Soviet agent-provocateur, i.e. to collect information regarding the anti-Bolshevick activities of Russian organizations and private individuals and instigate the active "White" elements to create incidents with a view to exposing local White Russians to repressions on the part of the authorities. For this purpose Kovtunenکو posed as a "White," visited his former friends who had known him as an officer of the "White" Army, visited restaurants etc. frequented by "White" Russians and made an attempt to join the Union of Former Cadets of the Vilno Military School.

Tcheremshansky
D. S.

Deputy Commissioner (Special Branch)

File
JH
15 APR 1935

SHANGHAI MUNICIPAL POLICE
S. S. REGISTRY.

SHANGHAI MUNICIPAL POLICE.

File No. 6677
No. D

Section 2, Special Br. 32220001/25
REPORT

Date March 30, 1935.

Subject N. I. Kovtunenکو, suspected Soviet Agent.

Made by D.S. Tcheremshansky Forwarded by J.B. Rm

Information has been received that Nicolay Ignatievitch Kovtunenکو, 37, Russian, residing at No. 228 Route Vallon, is suspected of being a Soviet Agent. He arrived in Shanghai a few months ago and on 11.3.35 registered with the local Public Safety Bureau as a Soviet citizen.

It is reported that in 1916 Kovtunenکو graduated from the Vilno Military School for Officers and that he saw active service during the Great War. In 1919 or 1920 he appeared in Harbin. Two years later he became a Soviet citizen, following which he obtained employment with the Educational Department of the Chinese Eastern Railway.

While in Harbin, he published a pro-Soviet magazine entitled "Youth". In 1928 Kovtunenکو in partnership with Safariantz and K.I. Ziplenکoff-Slaviansky, Soviet citizens, bought over the "OZO" printing establishment (formerly owned by the Union of ex-Officers of Transamur Military District). It is reported that that enterprise was financed by the Far Eastern Bank (Dalbank) and that it printed text-books for Soviet Schools as well as stationery etc. for the Chinese Eastern Railway.

In Shanghai Kovtunenکو posed as a White Russian. In February 1935 he made an unsuccessful attempt to join the Union of Former Cadets of the Vilno Military School. At the same time he was seen visiting the U.S.S.R. Consulate-General. On February 21, 1935, Kovtunenکو was present at the Shanghai & Hongkew Lower Wharf at the time of departure for Vladivostok of the Soviet s.s. "Sever," on board which vessel his former partner and friend, Ziplenکoff-Slaviansky, was leaving for the U.S.S.R.

S2, please explain the line of work on which he is engaged as an agent.

JMB

D.S. Tcheremshansky
JMB
1/4



SHANGHAI MUNICIPAL POLICE.

File No.....

Station,

REPORT

Date.....19

Subject.....

Made by..... Forwarded by.....

-2-

The latter individual was a member of the Narodnoe Sobranie (People's Assembly) of the Maritime Province in 1920-22 when that province was under a "white" regime. During this period Ziplenkoff-Slaviansky claimed to be Chairman of the "All Russian Farmers' Union" and was suspected of being a Soviet agent. Later, in Harbin, he obtained a Soviet passport and was connected with the Soviet administration of the Chinese Eastern Railway.

Recently Kovtunenکو was questioned by one of his friends regarding the nature of his connections with Ziplenkoff-Slaviansky. He admitted that he had been a Soviet citizen since 1922 and that he had the intention of returning to Soviet Russia, in connection with which matter he had visited the local Soviet Consulate on three occasions.

J. Cherevshinsky

D. S.

Deputy Commissioner (Special Branch)

FR 2
G. 40,000-1-35

MUNICIPAL POLICE
REGISTRY.

SHANGHAI MUNICIPAL POLICE.

File No. 6618

S. 1, Special Branch, 135

REPORT

Date. March 31, 1935.

Subject. Enquiry regarding a Korean, Dr. Sung-Yong Lee (李星鎔)

Made by and Forwarded by. D.I. Grubb

With reference to the suspicious movements and disappearance of a Korean, Dr. Sung-Yong Lee, employed in the Medicine Department of Olivier-Chine, 95 Museum Road, enquiries made on behalf of the French Police show that this man became sick on March 25 and did not attend work until March 29. During the time he was reported to be sick he remained in his home at 153 Route des Soeurs.

Sung-Yong Lee, who is a fully qualified doctor, having obtained his degree in Germany, has resided in Shanghai for about eight years. During this period he has followed his profession and for a time was employed in the Chinese Red Cross Hospital and for the past year has been with Olivier-Chine.

Discreet enquiries as to whether he is connected with the smuggling of narcotics or other unlawful business, have proved unsuccessful.

Although it was claimed that his absence from work was due to sickness this may not have been the direct cause. It is rumoured that just prior to his disappearance he had a difference of opinion with the assistant-Manager of the Company over a business transaction.

Enquiries made by C.A. Kim.

H. Grubb

D. I.

D.C. (Special Branch).

Det. Insp. Grubb,
Please furnish a copy to the
French Police
Copy forwarded to S. Gelin JMG
on 1-4-35 H.C.
7 MAR 1935

MEMORANDUM

SERVICE POLITIQUE

Brigade des Recherches

Tel. 75435

Shanghai, le

DR. MED. SUNG-YONG LEE

Olivier-Chine

Résidence :

95 Museum Road

153H Route des Soeurs

Telephone: I7406

Appartment N°32.

德國醫學博士

李星鎔

法商永昌洋行西蘇部
上海博物院路九五號
電話一七四〇六

III,

Reg. Please file
JH

住法租界聖世院路
一五三H號內三號

SI, Please ascertain directly if he is missing
JH

D-6619

D-6619-A

D-6620

D-6621

Form No. 3
C. 25, 26, 1-34

SHANGHAI MUNICIPAL POLICE
File No. REGISTRY.

SHANGHAI MUNICIPAL POLICE.

S. 1, Special branch

REPORT

Date March 29, 1935

Subject (in full) List of Japanese Political and Semi-Political Organizations
in Shanghai.

Made by D. S. Umemoto.

Forwarded by *A. Crutt*

In accordance with the instructions of the Deputy Commissioner,
Special Branch, I forward herewith a tabulated list of Japanese
Political and Semi-Political Organizations in Shanghai, together
with names of the principal officers.

D. S. Umemoto

D. S.

Deputy Commissioner, Special Branch.

*File
MG*

APR 1935

Special Branch,

March 28, 1935.

S.1

Please prepare a list in tabular form of Japanese political and semi-political organizations in Shanghai giving particulars about them as indicated:

Name and Address of Organization.	Strength of Following.	Names of Principal Officers.	Objects of Organization and Remarks.
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J. H. Guerns
D. C. (Sp.Br.)

List of Japanese Political and Semi-Political Organizations

<u>Name and address of organization</u>	<u>Strength of following</u>	<u>Names of Principal Officers</u>	<u>Objects of Organization and Remarks</u>
J. 3837A 1. Japanese Residents' Corporation 128 Quinsan Road.	40 members elected biennially by rate-payers	Mr. Sugimoto (Acting President) Mr. Hishida (Chairman) Mr. Y. Ikeda (Vice-Chairman)	Administrative organ functioning in accordance with law. Its officials conduct negotiations with S.M.C. and Chinese Authorities in matters affecting Japanese.
J. 3837 2. Japanese Amalgamated Association of Street Unions. 295 Boone Road.	11,000 members of 50 street unions	Mr. Amano (Chairman) 19 members of Standing Committee	To secure better understanding among Japanese generally and promote welfare of members.
J. 3837B 3. Koh-Min Club (Associated Citizen's Club) 159 Boone Road.	60	M. Yano (Chairman) S. Yeto (Vice-Chairman) T. Tanabe H. Hayashi K. Kobayashi	Organized on March 17, 1935, to demand a change in the policy of the Japanese Residents' Corporation, so that the interests of people of moderate means will be given fuller consideration.
J. 3837A 4. "Chawakai" (Informal Gathering) No office	6	M. Yano S. Yeto I. Wakabayashi H. Hayashi K. Kobayashi K. Sato	Formed unofficially in March, 1935, by members of the Japanese Residents' Corporation. It opposed the appointment of a paid president and demanded that the regulations governing rehabilitation loans be revised. The members of the "Chawakai" also belongs to the "Koh-min Club".
J. 3837A 5. Min-Yu Club (Friendly People's Club) No office.	10	Y. Kodama T. Tokunaga S. Okajima	Organized by leading business men in Hongkew District to present their opinions to the Corporation. Its members wield considerable influence in Street Unions. Although the members of the Min-Yu Club and Koh-Min Club are recruited from a somewhat similar stratum of society, the views of the two bodies differ considerably.

stratum

List of Japanese Political and Semi-Political Organizations

<u>Name and address of organization</u>	<u>Strength of following</u>	<u>Names of Principal Officers</u>	<u>Objects of Organization and Remarks</u>
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2. Japanese Amalgamated Association of Street Unions. 295 Boone Road.	11,000 members of 50 street unions	Mr. Amano (Chairman) 19 members of Standing Committee	To secure better understanding among Japanese generally and promote welfare of members.
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stratum

Form No. 3
G. 25,000 1-34

SHANGHAI MUNICIPAL POLICE
File No.

SHANGHAI MUNICIPAL POLICE.

S. & REGISTRY.

S. 1, Special Branch

REPORT

Date April 9, 1935

Subject (in full) List of Korean Political and Semi-Political
Organizations

Made by and Forwarded by C.D.I. Grubb

Attached is a list of Korean political and
semi-political organizations in Shanghai, together with
the names of the principal executives. Office Assistant
Kim obtained the data for this list.

H. Grubb

C. D. I.

D.C. (Special Branch).

*Reg.,
Interested Authorities informed
Please file.*

J.H.G.

APR 10 1935

Special Branch,

April 1, 1935.

S. 1

Please prepare in co-operation with
Office Assistant Kim a list in tabular form of Korean
political and semi-political organizations in Shanghai
giving particulars about them as indicated :

<u>Name and address of Organization.</u>	<u>Strength of Following.</u>	<u>Names of Principal Officers.</u>	<u>Objects of Organization and Remarks.</u>
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J. H. Stevens

D. C. (Sp. Br.)

List of Korean Political and Semi-Political Organizations

<u>Name and Address of Organization</u>	<u>Number of Adherents</u>	<u>Names of Principal Officers</u>	<u>Objects of Organization and Remarks</u>
<p>1. Korean Provisional Government</p> <p>being a revolutionary organ its location is kept very secret and moves from one place to another as occasion demands.</p>	<p>Majority of Korean residents in the French Concession and Chinese controlled territory (about 1,000)</p>	<p>Song Hyung Zo (宋秉祚), Chairman of the Political Committee.</p> <p>Pak Chang Se (朴昌世), Chief of Police.</p> <p>Cho Wan Ku (趙晚九), Chairman of the Law Committee.</p> <p>Cho So Ang (趙素昂), Chairman of the Foreign Committee.</p> <p>Kim Do Bong (金斗奉), Education Committee.</p>	<p>Organized in April 1919 in the French Concession by the leaders of Korean revolutionists with the object of overthrowing the Japanese administration of Korea.</p>
.....			
<p>2. Korean Independence Party.</p> <p>Some times located in the French Concession and some times in Nantao.</p>	<p>About 40 leaders of Korean revolutionists.</p>	<p>Song Hyung Zo (宋秉祚), President.</p>	<p>Organized in 1930 with the object of uniting all parties favouring independence for Korea at home and abroad and generally promoting the cause of Korean emancipation. It has branches in Peiping, Nanking and Canton.</p>
.....			
<p>3. Korean Volunteer Police Corps.</p> <p>Some times established in the French Concession and some times in Nantao.</p>	<p>About 10 members.</p>	<p>Pak Chang Se (朴昌世), Chief of the Corps.</p>	<p>Organized in 1922 by ex-police officers of the Korean Provisional Government to guard the Provisional Government against detection by the Japanese Police.</p>

<u>Name and Address of Organization</u>	<u>Number of Adherents</u>	<u>Names of Principal Officers</u>	<u>Objects of Organization and Remarks</u>
4. Korean Residents' Association (Anti-Japanese) Nantao.	majority of Korean residents in the French Concession and Nantao.	moon il min (文逸民) General Secretary.	Organized in 1919 to promote friendship among Korean residents and to support the independence movement.
.....			
5. Korean Residents' Association (Pro-Japanese) Japanese Y.M.C.A., Range Road.	All Korean residents in Hongkew area.	Lee Kab Nyung (李甲甬), Chairman. 10 Councillors.	Organized in 1933 with assistance from the Japanese authorities with the object of promoting friendship among Korean residents in Hongkew area and maintaining control over Koreans in Shanghai.

GENERAL POLICE
REGISTRY
66192
11/15

Special Branch,
April 1, 1935.

S. 1

Please prepare in co-operation with
Office Assistant Kim a list in tabular form of Korean
political and semi-political organizations in Shanghai
giving particulars about them as indicated :

<u>Name and address of Organization.</u>	<u>Strength of Following.</u>	<u>Names of Principal Officers.</u>	<u>Objects of Organization and Remarks.</u>
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J. H. Swiens
D. C. (Sp. Br.)

*Original sent to S. 1.
JH
4/4/35*

S. 1, Special Branch ~~XXXXX~~

April 9, 35.

List of Korean Political and Semi-Political
Organizations

// and

C.D.I. Grubb

Attached is a list of Korean political and
semi-political organizations in Shanghai, together with
the names of the principal executives. Office Assistant
Kim obtained the data for this list.

C. D. I.

D.C. (Special Branch).

List of Korean Political and Semi-Political Organizations

<u>Name and Address of Organization</u>	<u>Number of Adherents</u>	<u>Names of Principal Officers</u>	<u>Objects of Organization and Remarks</u>
<p>1. Korean Provisional Government</p> <p>Being a revolutionary organ its location is kept very secret and moves from one place to another as occasion demands.</p>	<p>Majority of Korean residents in the French Concession and Chinese controlled territory (about 1,000)</p>	<p>Song Byung Zo (宋秉祚), Chairman of the Political Committee.</p> <p>Pak Chang Se (朴昌世), Chief of Police.</p> <p>Cho Wan Ku (趙完九), Chairman of the Law Committee.</p> <p>Cho So Ang (趙素昂), Chairman of the Foreign Committee.</p> <p>Kim Do Bong (金道奉), Education Committee.</p>	<p>Organized in April 1919 in the French Concession by the leaders of Korean revolutionists with the object of overthrowing the Japanese administration of Korea.</p>
.....			
<p>2. Korean Independence Party.</p> <p>Some times located in the French Concession and some times in Mantao.</p>	<p>About 40 leaders of Korean revolutionists.</p>	<p>Song Byung Zo (宋秉祚), President.</p>	<p>Organized in 1930 with the object of uniting all parties favouring independence for Korea at home and abroad and generally promoting the cause of Korean emancipation. It has branches in Peiping, Hanking and Canton.</p>
.....			
<p>3. Korean Volunteer Police Corps.</p> <p>Some times established in the French Concession and some times in Mantao.</p>	<p>About 10 members.</p>	<p>Pak Chang Se (朴昌世), Chief of the Corps.</p>	<p>Organized in 1922 by ex-police officers of the Korean Provisional Government to guard the Provisional Government against detection by the Japanese Police.</p>

<u>Name and Address of Organization</u>	<u>Number of Adherents</u>	<u>Names of Principal Officers</u>	<u>Objects of Organization and Remarks</u>
4. Korean Residents' Association (Anti-Japanese) Nantao.	Majority of Korean residents in the French Concession and Nantao.	Moon Il Min (文逸民) General Secretary.	Organized in 1919 to promote friendship among Korean residents and to support the independence movement.
.....			
5. Korean Residents' Association (Pro-Japanese) Japanese Y.M.C.A., Range Road.	All Korean residents in Hongkew area.	Lee Kab Nyung (李甲育), Chairman. 10 Councillors.	Organized in 1933 with assistance from the Japanese authorities with the object of promoting friendship among Korean residents in Hongkew area and maintaining control over Koreans in Shanghai.

CONFIDENTIAL
DRAWER

6620
H-10-31

September 27, 1935.

Morning Translation.

Journal de Shanghai i-

Struggle for Control of Banks

A lively struggle is going on at present between the financiers of T.V. Soong's Group and the financiers of an independent group.

T.V. Soong is seeking to secure the control of the ten large banks which are permitted to issue bank-notes, namely, the Central Bank of China, the Bank of China, the Bank of Communications, the Commercial Bank of China, the Ningpo Commercial Bank, the Chinese Agricultural and Industrial Bank, the National Commercial Bank, the National Industrial Bank of China, the National Land Development Bank and the China and South Seas Bank.

Control of these banks will bring with it authority to maintain a close supervision of all Chinese banks and this will eventually lead to the right to issue notes being allowed to the Central Bank of China only.

The group led by T.V. Soong and H.H. Kung at present control the following State banks: the Central Bank of China, the Bank of China, the Bank of Communications, and the National Commercial Bank as well as the following private banks: Chekiang Industrial Bank and the Ningpo Commercial Bank.

The large independent banks are: the Shanghai Commercial and Savings Bank and the China and South Seas Bank with the following three banks which are affiliated with the two former banks: the Kingchen Banking Corporation, the Gabelle Bank and the Continental Bank.

It is believed that sooner or later the large independent banks will be obliged to submit to control by the T.V. Soong Group.

J. Fantos.

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SECRET

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

File No. No. D 6 20

S. 1, Special Branch

REPORT

Date April 1, 1935.

SECRET

Subject National Government takes over control of the Bank of
China and Bank of Communications

Made by D.S. McKeown Forwarded by H. Gault A.S.

The National Government has decided to allot \$25,000,000 to the Bank of China and \$10,000,000 to the Bank of Communications, ostensibly to strengthen the position of these two Chinese banks but actually in order to obtain full control over Chinese financial circles. General Chiang Kai Shek deems this exclusive control necessary in view of the failure of the negotiations to obtain a loan abroad.

The capital of the Bank of Communications, which is composed of \$8,000,000 subscribed by individuals, and \$2,000,000 subscribed by the Government, will be increased by this fresh allotment to \$22,000,000. The Manager, whose name is Tang Shen-ming (唐青民), being on good terms with the Government, raised no objection to the proposal.

The Bank of China originally had a capital of \$25,000,000, \$20,000,000 of which was subscribed by individuals and \$5,000,000 by the Government. The new allotment of \$25,000,000 by the National Government will increase the Government's subscription to \$30,000,000 and definitely establish its control over the bank.

Hitherto the shares of the Bank of China have yielded 7% per annum but the return on the new bonds will only be 6% per annum, thus the rate of interest on all shares will be reduced by 1%. This change was strongly opposed by Chang Kung Chuen (張公權), Managing Director of the Bank. In order to overcome this opposition, General Chiang Kai Shek sent Chang a warning that he would be dealt with as a reactionary if he did not leave Shanghai

Handwritten initials and signature on the left margin.

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

Station,

Date.....19

Subject.....

Made by.....

Forwarded by.....

- 2 -

within three days.

As a result of mediation with General Chiang by Tu Yueh-shen and Mayor Wu, it was decided that Chang would be allowed to remain in Shanghai. He, however, would be relieved of his post as Managing Director of the Bank of China and appointed Vice-Managing Director of the Central Bank of China. It is doubtful if Chang will assume the new post.

This information was obtained by D.I. Pan Lien-pih.

M. Brown.

D. S.

D.C. (Special Branch).

Commissioner of Police,

Sir,

Information

J. Luening
D. S.

File
J. Luening
2-APR 1935

1-APR 1935

SHANGHAI MUNICIPAL POLICE
1935. B. REGISTRY.
No. D 662000
Date 11/6/35

FURTHER CHANGES IN PERSONNEL OF BANKING HOUSES

Commercial Bank of China's
New Chairman

NOW UNDER CONTROL OF GOVERNMENT

Another Chinese bank, which has a note issue, was virtually put under Government supervision yesterday, when Mr. Tu Yueh-sung, director of the Bank of China, and Mr. Koo Yi-ku, a Government appointee on the recently established Native Banks Supervisory Committee, were appointed chairman and general manager, respectively, of the Commercial Bank of China. Both Mr. Tu and Mr. Koo, who are understood to have been recommended by the Ministry of Finance to take charge of the institution, will assume their new posts today. The appointment was officially announced at a directors' meeting held at the offices of the bank, on the Bund, yesterday morning.

An official of the Commercial Bank of China, interviewed by a representative of the "North-China Daily News," stated that the Bank has always been and is in a sound condition. Mr. Tu Siao-an, former chairman of the Chinese General Chamber of Commerce, who had been for many years chairman of the Board of Directors of the Commercial Bank of China, resigned owing to illness, as in the case of Mr. Liu Ti-chih, general manager of the Ningpo Commercial Bank, whose posts were taken over by Mr. T. D. Woo and Mr. Churtong Yih, respectively.

Mr. Tu Yueh-sung, the new chairman, has been a director of the institution, while Mr. Koo Yi-ku, the general manager—a post established only yesterday—was formerly general manager of the Kiangsu Bank. Mr. Fu, the retired chairman, will remain a director of the bank.

Sixth Change

The change in the personnel of Chinese banking institutions is the sixth of note since the installation of Mr. T. V. Soong, former Minister of Finance, as chairman of the Bank of China, and the increase in the number of directors of the Bank of Communications and the Central Bank. While these three changes resulted from an increase in the Government capital, no capital has been put into the Industrial Bank of China, the Ningpo Commercial Bank, and the Commercial Bank of China by the Government.

In a notice issued by the Shanghai City Government, Gen. Wu Te-cheng, the Mayor, stated that the financial situation had been calmed with the distribution by the Government of \$25,000,000 in Currency Bonds among the native banks in need of financial aid. Any body found to be spreading malicious rumours affecting the market would be severely dealt with by the authorities.

The three representatives of the Native Goods Promotion Committee, who interviewed Mr. Hsu Kan, Vice Minister of Finance, at the Central Bank on Thursday, asking for the extension of the proposed \$20,000,000 loan to commercial and industrial concerns without further delay, called on Mr. K. P. Chen, chairman of the Chinese Banks Association, and Mr. Zing Zung-ching, chairman of Native Banks Association, yesterday for the same purpose. The Chinese banks are to call a meeting to discuss the question next Monday.

*File
K.L.*

April 1, 1935.

Afternoon Translation.

Journal de Shanghai:-

OUTLINE OF THE PLAN OF FINANCIAL UNIFICATION DRAWN
UP BY THE NANKING GOVERNMENT

5.6620

China possesses at present three so-called large government banks: the Central Bank of China, the Bank of China and the Bank of Communications. The Central Bank is only a recent creation as compared with the other two banks.

These three government banks are in reality limited liability institutions enjoying the rights of State banks. The Ministry of Finance holds 50% of the shares of the Central Bank and has controlled the bank since its establishment. Although the Ministry of Communications does not hold so many shares in the Bank of Communications, it exercises an effective control over this bank through the statutes.

The position, however, is not the same in the case of the Bank of China. Four-fifths of the shares in that bank belong to private individuals. The Bank of China is the most powerful financial institution in China and enjoys the confidence of the people.

The following table gives the condition of each of these three government banks :-

	<u>Central Bank of China</u>	<u>Bank of China</u>	<u>Bank of Communications</u>
Capital			
1930	\$ 20,000,000	\$ 25,000,000	\$ 10,000,000
1931	\$ 20,000,000	\$ 25,000,000	\$ 10,000,000
1932	\$ 20,000,000	\$ 25,000,000	\$ 10,000,000
	\$ 20,000,000		
Reserves			
1930	\$ 1,352,231	\$ 1,223,058	\$ 2,167,857
1931	\$ 3,496,456	\$ 1,431,653	\$ 2,239,744
1932	\$ 7,166,859	\$ 1,615,396	\$ 2,316,724
Notes in Circulation			
1930	\$ 23,669,228	\$ 203,847,444	\$ 82,893,785
1931	\$ 25,173,349	\$ 191,749,139	\$ 81,098,080
1932	\$ 28,793,994	\$ 184,426,936	\$ 94,500,925
	\$ 39,995,360		
Deposits			
1930	\$ 66,042,175	\$ 465,713,258 (a)	\$ 119,707,058 (a)
		\$ 69,721,896 (b)	\$ 32,278,579 (b)
1931	\$ 89,750,920	\$ 243,560,184 (a)	\$ 123,688,112 (a)
		\$ 174,242,664 (b)	\$ 40,333,900 (b)
1932	\$ 102,937,987	\$ 183,601,057 (a)	\$ 137,476,789 (a)
	\$ 153,981,388	\$ 234,632,048 (b)	\$ 44,737,017 (b)

(a) current accounts.
(b) fixed deposits.

April 1, 1935.

Afternoon Translation.

	<u>Central Bank of China</u>	<u>Bank of China</u>	<u>Bank of Communications</u>
Specie reserve			
1930	\$ 15,172,136	\$ 22,961,482	\$ 36,267,602
1931	\$ 15,772,652	\$ 36,248,358	\$ 38,293,973
1932	\$ 21,787,885	\$ 66,723,019	\$ 51,687,941
	\$ 31,237,092	\$ 51,483,082	
Reserve against issue of Banknotes.			
1930	\$ 19,475,497 (a)	\$ 203,874,444	\$ 82,893,785
	\$ 3,194,000 (b)		
1931	\$ 18,795,349 (a)	\$ 191,749,139	\$ 81,098,080
1932	\$ 23,519,994 (a)	\$ 184,426,937	\$ 94,500,925
	\$ 32,686,360		
	\$ 5,274,000 (b)		
	\$ 7,309,000		
Total business done			
1930	\$124,336,245	\$773,371,618	\$275,664,496
1931	\$142,331,820	\$846,498,388	\$287,618,967
1932	\$170,318,637	\$805,281,332	\$323,069,560
	\$249,286,943		

(a) Silver
(b) Various securities

By increasing its holdings in these three banks, the government will control 3/4ths of the votes in the Central Bank, 4/7ths in the Bank of China and a majority in the Bank of Communications.

This new situation has permitted the Honking Government to proceed indirectly with the reorganization of the Board of Directors and the General Management of the Bank of China by appointing T.V. Soong as Chairman of the Board of Directors and General Manager. Chang Kia Ngan, General Manager of the Bank, will be transferred to the Central Bank as Vice Governor.

Dr. H.H. Kung, Minister of Finance, will remain as President of the Board of Directors and Governor of the Central Bank.

The reorganization of the Bank of Communications is equally imminent.

In financial circles, it is believed that the government will proceed as follows in order to realize its programme for the financial unification of the country :-

- 1) To increase its holdings in the three government banks.
- 2) To take in hand the Management of the Bank of China and the Bank of Communications.
- 3) To convert the Bank of China into a special bank for exchange transactions and the Bank of Communications into a government institution for commercial operations.
- 4) Later, the three banks will be amalgamated into a special State bank. The Bank of China will then undertake all the exchange transactions of the enlarged Central Bank of China and the Bank of Communications will undertake all ordinary banking operations.

The reorganization of the Bank of China is being diversely commented upon in Chinese circles. Some congratulate the government's initiative which they regard as a presage of the nation's financial unity; others fear that absolute control of the banks will give rise to abuses on the part of the authorities as had happened in the past.

The Ministry of Finance states that the debenture bonds will be issued at par. 60% of the proceeds (\$60,000,000) will be used as a reserve to increase the capital of the three banks and the balance will be used to repay the advances made by the Central Bank of China to the Central Government.

J. Fantos.

D.6620

SHANGHAI MUNICIPAL FORMS
S. B. REGISTRY.
No. <u>D 6620.</u>
Date <u>23. 4. 35.</u>

April 23, 1935.

Morning translation.

China Times and other local newspapers

THE BANK OF COMMUNICATIONS

The capital of the bank of Communications has been increased to the extent of \$10,000,000 as the result of a payment made by the National Government. On April 22 Hu Pih Kong (胡平江), Chairman of the Board of Directors, was ordered by Dr. H.H. Kung, Minister of Finance, to continue at his post .

The Board of Directors of the bank held a meeting on the afternoon of April 22 at which Tong Zeu King (唐寿昆), one of the Directors, was re-elected as Managing Director of the Bank.

The Kiangnan Tseng Pao, a Japanese Newspaper in Chinese language, publishes the following report : - 20-4-35

REPORTED WITHDRAWAL OF DEPOSIT FROM
BANK OF CHINA

Since April 14 Mr. T.V. Soong has been exchanging views with local Foreign bankers on the financial question. As a result, he has secured a promise from the foreign bankers to refrain from exporting silver for the time being.

However, owing to the activities of Communist Army, the Nanking Government have to appropriate a large sum to meet the military expenses in Szechuen and

Kweichow provinces. Each military official in Szechuen is given \$20,000 or \$40,000 per month. The military expenses for Kweichow are fixed at \$400,000 or \$500,000 per month. Yunnan is also given a similar sum. The Nanking Government is experiencing difficulty in raising the funds.

After the reorganization of the Bank of China, over 30 employees of Chang Kung Chuen's clique were dismissed.

The Bank of Communications will hold a meeting of shareholders to-day to discuss the question of its reorganization.

The chaotic economic condition has caused excitement among depositors with the Bank of China. In consequence, the number of depositors withdrawing money from the Bank of China is increasing daily. Although these depositors have not yet deposited their money with Foreign banks, it is presumed that a monetary crisis will occur in Shanghai before the Dragon Boat Festival.

CHANG KIA NGAU TO TAKE UP THE POST OF
VICE GOVERNOR OF CENTRAL BANK

S | At the request of Dr. H.H. Kung, Minister of Finance, Chang Kia Ngau, the former Managing Director of the Bank of China, will officially take up the post of Vice Governor of the Central Bank of China on April 27.

Bank Shareholders In Annual Meeting

Government Control Of Bank Of China Is An Accomplished Fact

Close Cooperation In Credit Relief Is Seen

Directors May Meet To Name New Chairman This Evening

Government control of the Bank of China was being officially completed this afternoon at a meeting of shareholders which got under way at the Shanghai Chinese Bankers' Association late in the day.

During the meeting, the resignation of Mr. Chang Kia-ngau as managing director and general manager of the bank, and his acceptance of his new post as deputy governor of the Central bank was to be announced. Appreciation of Mr. Chang's leading position in Shanghai banking for more than 22 years was expressed.

Directors To Meet

The shareholders' meeting was to be followed by a directors' meeting, at which time, it has been reliably reported, Dr. T. V. Soong, member of the Standing Committee of the National Economic Council and former Minister of Finance, was expected to be named as chairman of the board and general manager for the Bank of China. The usual procedure would be for a meeting of directors two days after the shareholders' meeting, however.

Measures to be discussed during the meeting although no definite action was expected, included the suggestion that the government might find it advisable to confine the authority to issue notes to those banks in which the Government has direct control, which today would include the Central Bank, the Bank of China and the Bank of Communications, the "big three" of Shanghai banking houses.

The Annual Report

Use of a portion of the new \$100,000,000 Currency bond issue to increase the capital of the Bank of China and other banks, definitely gives the government control of the majority of shares.

The shareholders' meeting, aside from the official announcement of Mr. Chang's resignation as the chief executive and his acceptance of his post at the Central Bank, was to be conducted according to the usual routines. Mr. Li Mong, chairman of the Board of Directors, will make the annual report.

The increase of the government interest is now an accomplished fact inasmuch as the Currency Bonds with a face value of \$25,000,000 already have been received at the offices of the bank.

The changes caused by the increase of the Government interests in the bank were discussed at a meeting of the Board of Directors which took place yesterday afternoon. It was during that meeting, it was learned today from reliable sources, that Mr. Chang's resignation as chief executive of the bank was decided upon. It was also during that meeting that the election of Dr. Soong as the bank's new chairman of Board of Directors and general manager was settled.

Increase Directors

During the meeting, it also was decided to increase the number of Government appointed directors from three to nine persons and to increase the number of Government appointed supervisors from one to three persons. Dr. Soong is to become one of the directors and eventually chairman of the Board of Directors and general manager of the bank.

With the increase of the Government interests in the bank, the capital of the bank has been increased to \$49,712,280 with the Government holding \$30,000,000. The total assets of the bank are represented as \$1,000,000,000 with \$700,000,000 deposits and about \$200,000,000 in banknotes now in circulation.

Dr. Kung's View

Dr. H. H. Kung, Minister of Finance, when interviewed by the Kuo Min News Agency with regard to the increase of the capital and certain changes in the personnel of the Boards of Directors of the three leading Chinese Banks, namely, The Central Bank, the Bank of China and Bank of Communications, stated that it has long been the policy of the Government to further strengthen these three banks.

Dr. Kung remarked that in view of the general depression existing in late years, and the further aggravation of the situation as a result of the recent American silver policy, it is desirable to have the three banks cooperate with one another to the fullest extent in order to assist the money market here.

Close Cooperation

No significant changes are contemplated in respect to the Bank of Communications except additional Government representation on the Board of Directors.

These changes are made, however, for the purpose of securing fullest cooperation between the three banks, and to provide a solid foundation for the Chinese banking system.

Dr. Kung made it clear that the close cooperation of the three leading Chinese banks has no connection whatever with the Government's policy in respect to the monetary situation and that these three banks will retain their individual entities.

Dr. Kung emphasized that by working together these three banks will be most helpful to the Government in its desire to assist the money market here, which has lately manifested a more healthy condition, and that he is looking toward further improvements in the financial structure of China.

Nanking Wants Share (Chen Pao)

NANKING, Mar. 29.—The Nanking Chamber of Commerce has decided to fight for a share of the \$100,000,000 Currency Bonds.

The Market Recovery Committee of the Chamber today decided to petition the Executive Yuan to allot \$5,000,000 worth of Currency Bonds in order that the various banks in the city may form a consortium to give loans to the needy shops and industrial plants.

31-3-35

Bank Of China Capital Now \$40,000,000

Additional Government
Currency Bonds Of
\$15,000,000

BANK CONSTITUTION IS REVISED

Increase In Directors Has
Been Approved; Mr. Soong
Among Appointees

At a meeting of the Bank of China shareholders yesterday afternoon it was decided to increase the capital of the bank to \$40,000,000 from the present \$25,000,000, the meeting deciding to accept an additional \$15,000,000 in the form of Government share currency loan bonds, bringing the total of Government shares in the bank to \$20,000,000, thus equalling the share capital of private interests. As the result of this decision the constitution of the bank has been revised, bringing the total number of directors to 21, among whom are nine Government appointees, including Mr. T. V. Soong.

The decision was reached at the annual meeting of shareholders of the Bank which was held yesterday afternoon, during which it was disclosed that the net profit for the year was \$1,933,317.01. The original capital of the Bank of China was \$25,000,000 of which \$5,000,000 was subscribed by the Government. Under the proposed currency bond issue of \$100,000,000 it was proposed to allot the Bank of China \$25,000,

000 worth of currency bonds as part of the scheme of the Ministry of Finance for nationalization of the three leading Chinese banks, Bank of China, Bank of Communications and Central Bank of China. Following discussions between the Minister of Finance, Dr. H. H. Kung, and officials of the Bank of China, this sum was scaled down to \$15,000,000 which was approved at yesterday's meeting. The Government will now hold 50 per cent. of the bank's capital.

Government Nominees

According to the Central News Agency the nine Government appointees of the bank directorate are:

T. V. Soong, Yeh Tso-tang, Chien Hsin-tse, Tu Yueh-sen, Wu Ta-chuen, Hsi Teh-mao, T. L. Soong, Hu Pi-chiang and Wang Pao-lun.

The three government appointed Supervisors are: Li Chueh, Chao Chi-yen and Wang Yeh-sung.

Before the Government decided to increase the capital holding of the Bank of China by the issuance of the 24th Year \$100,000,000 Currency Bonds, of which \$25,000,000 were to be allotted to the Bank of China, there were only three government appointed Directors and one government appointed Supervisor.

Private Interests

It was announced yesterday that the 12 directors representing the private shares were Messrs. Li Min, Chang Kia-ngau, Feng Kan-kwang, Soong Han-chang, Chen Hui-sen, H. H. Kung, Hsu Chen-mien, Pien Su-sung, Yung Chung-chin, Chou Tso-min, Tsu-ye Pei and Chou Liang.

Mr. Chang Kia-ngau, general manager of the bank, has resigned, while Mr. Li Min, chairman of the board of the bank, will do so shortly. Well-informed quarters, however, believe that they will serve on the Standing Committee of the Board which will be elected to-morrow.

The annual report of the bank was passed at yesterday's meeting but was released for publication on Monday.

31-5-35

SECRET - NOT FOR PRESS PUBLICATION

SHANGHAI MUNICIPAL POLICE

SPECIAL BRANCH

....

Intelligence Report

Political

March 29, 1935.

Movement of Notables

From Nanking

Arrived at 11.30 p.m. March 28:-

Liu Vee Ts, Vice Minister of Industry.

Arrived at 7.15 a.m. March 29:-

Sun Fo, President of the Legislative Yuan.
Chu Ming Nyi, member of the C.E.C. of the Kuomintang.
Fu Ping Zang, -do-
Tang Yeu Jen, Vice Minister of Foreign Affairs.

24th Year National Bonds to be floated by Ministry
of Finance to the extent of \$100,000,000.

The Administrative Yuan of the National Government on March 26 passed a resolution authorizing the floating by the Ministry of Finance of the 24th Year National Bonds to a face value of \$100,000,000. These bonds will be issued officially on April 1, 1935, in denominations of \$100, \$1,000, and \$5,000, carrying interest at 6% per annum payable every six months. Increased customs returns will be set aside as security for the bonds, the maturing of which will be determined by ballot over a period of ten years.

Of the \$100,000,000 thus raised, \$30,000,000, \$25,000,000 and \$10,000,000 will be allotted respectively to the Central Bank of China, the Bank of China and the Bank of Communications, leaving a balance of \$35,000,000. Of this last sum, \$2,500,000 will ^{be} appropriated as the Ministry's contribution to the Bankers' consortium formed to meet the application of local industrial and commercial circles for small loans on trust. The

March 29, 1935.

Political (2)

remainder will be used partly to pay off the loan previously advanced by bankers to the National Government and it is stated that the ^{final} balance will be used in exploiting the South-West regions of China. In reality however, the last sum will be used to defray military ~~expend~~ expenditure in Szechuen consequent on the forces of the National Government taking over from the local militarists in the central part of that province in February, 1935, as part of the drive against the "reds".

In connection with the establishment of a bankers' consortium, local banks will raise a further \$2,500,000, making a total of \$5,000,000, to be used for the relief of Shanghai traders.

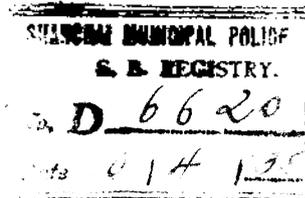
The consortium is expected to be established in the middle of April.

4th Branch Association of 2nd Special District
Citizens' Federation - Meeting

At a meeting held by 11 members of the 4th Branch Association of the 2nd Special District Citizens' Federation at their office, No.132 Rue Eugene Bard, between 4 p.m. and 5.30 p.m. March 28, the following resolutions were discussed and passed:

1. That the increase in the telephone rate be opposed and that the Federation be urged to hold a general meeting in the near future to discuss measures to further the opposition.

CONFIDENTIAL
DRAWER



April 10, 1935.

Morning translation.

T. V. Soong Interviewed

In an interview with newspaper reporters at 10 a.m. yesterday, Mr. T.V. Soong, member of the National Economic Committee and concurrently Chairman of the Board of Directors of the Bank of China, denied the report that the National Government would assume economic control after increasing the capitals of the Central Bank, the Bank of China and the Bank of Communications, and stated that the increase in the capital of the three banks had been decided upon in 1929.

Continuing, Mr. Soong said, "The Central Bank, the Bank of China and the Bank of Communications are considering measures for the relief of local industrial and commercial enterprises. I have no knowledge of a report that the Government will exercise control over the issuing of banknotes by banks. I am of opinion that this control will be exercised over provincial banks only".

Mr. Soong has cancelled his proposed trip to Szechuen and as soon as the affairs of the Bank of China have been put in order, he intends to inspect the branch offices of the bank at various ports.

Central China Daily News (official organ of Wang Ching Wei)
and other local newspapers :- 3-4-35 (Morning)

THE REORGANIZED BANK OF CHINA

Mr. T.V. Soong, the new Chairman of the Board of Directors, and Mr. Sung Han Chang, the new General Manager of the re-organized Bank of China, formally assumed their posts at 9.20 a.m. yesterday. At 10.30 a.m. they received the important members of the staff. It is believed that following the reorganization of the Bank, improvements will be introduced but no changes will be made in the staff.

In an interview with newspapermen, Mr. T.V. Soong denied the rumour that the government would adopt a policy of inflation following the increase in the government's holdings in the Bank of China, the Bank of Communications and the Central Bank of China. He stated that the government would continue to adopt the silver standard and that no economic policy unsuitable to China would be introduced.

The increase in the government's holdings in the Bank of Communications to the extent of \$10,000,000 will be discussed at a meeting of shareholders of the Bank to be held on April 20. It is believed that the present Board of Directors and the General Manager of the bank will not be changed but the appointment of a Chairman for the Board of Directors will be decided at a meeting to be held later.

April 2, 1935.

Afternoon Translation.

Shun Pao and other local newspapers :-

MEETING OF NEW BOARD OF DIRECTORS OF BANK OF CHINA.

The new Board of Directors of the Bank of China held a meeting at 4 p.m. yesterday. Seventeen directors, 9 representing the Government and 8 representing merchants, were present. Dr. H.H. Kung, Minister of Finance, presided.

The following resolutions were passed :-

- (1) That the resignations of Mr. Chang Chia-ngau as Chairman of the Board of Directors, and of Mr. Lee Foh-sung as Director, be accepted.
- (2) That Messrs. Zien-Sing-ts, Wong Pao-lung, Tu Yuet-sen, T.V. Soong (representing the Government), Feng Keng-kwang, Soong Kan-tsaung and Zung Hwei-tuh (representing merchants) be appointed as Managing Directors.

In accordance with the regulations, Dr. H.H. Kung has appointed Mr. T.V. Soong as Chairman of the Board of Managing Directors.

At a meeting of the Board of Managing Directors (Mr. T.V. Soong presiding), it was resolved to appoint Mr. Soong Han-tsaung as General Manager of the Bank of China.

March 30, 1935.

Morning Translation.

Shun Pao and other local newspapers :

T. V. SOONG AND SIR VICTOR SASSOON'S SCHEME.

At his residence yesterday morning Mr. T.V. Soong received local financial leaders, including Yih Tsoh Daung (葉琢堂), Tang Shou Ming (唐壽明), Li Poh Sung (李維善) and Zih Tuh Mow (席德懋) with whom he discussed the stabilization of local finance and the proposals of Sir Victor Sassoon for the relief of the situation.

Later Mr. Soong released the following information to newspaper reporters:- "In his scheme for the relief of the financial stringency in Shanghai, Sir Victor Sassoon suggests the issue of Shanghai pound notes. Personally I am of the opinion that this scheme, if put into effect, would be liable to upset China's finance because it will add another form of currency to the ones already in use. I do not agree with Sir Victor's scheme; the Ministry of Finance will likewise disapprove. The present instability of China's finance is due to the inconsistent state of mind on the part of the people; therefore to stabilize the financial situation, it is necessary first to remove this condition. I am examining the proposals of local real estate owners to issue bonds to the amount of \$450,000,000 to find out whether this would relieve the market. It has long been the intention of the Government to induce the Central Bank, the Bank of China and the Bank of Communications to amalgamate so that there will be one central unit to deal with critical situations when they arise. The Government has appointed Mr. Chang Kung Chun as Deputy Governor of the Central Bank; and I shall be appointed as a director of the Bank of China because the bank's regulations stipulate that the Government has the right to appoint directors to the bank. There will be no change in the present system of the Bank of China. The report that the Government will appoint me as Chairman of the Board of Directors and concurrently General Manager of the bank is incorrect. It has not yet been decided whether the government will appoint directors to the Bank of Communications."

Shanghai Morning Post (official organ of Gen. Chiang Kai Shek)
and other local newspapers: 69-3-35 (afternoon)

BANK OF CHINA TO BE RE-ORGANIZED

The Ministry of Finance has decided to issue on April 1 debenture bonds amounting to \$100,000,000. Of this amount, \$30,000,000 will be handed to the Central Bank of China, \$25,000,000 to the Bank of China and \$10,000,000 to the Bank of Communications in order to strengthen the financial position of the banks. In consequence, the organization of these three banks will be changed.

5
Chang Chia Ngau (張嘉璈), Managing-Director of the Bank of China, has now been appointed Vice-Governor of the Central Bank of China. It is said that T. V. Soong will be appointed Managing-Director of the Bank of China.

A report was current yesterday to the effect that the Bank of China and the Bank of Communications will be re-organized.

Information secured from a certain banking source shows that the appointment of Chang Chia Ngau, Managing-Director of the Bank of China, to the post of Vice-Governor of the Central Bank of China was made with the object of expanding the business of the Central Bank. The Ministry of Finance expects him to resign from the post of Managing-Director of the Bank of China.

Shareholders of the Bank of China earnestly hope that Chang Chia Ngau will not leave the bank as he has rendered valuable service.

The Bank of China will hold a meeting of shareholders on the afternoon of March 30 at the Bankers' Association when the increase of the Government's shares by \$30,000,000 and the appointment of a new Managing-Director of the bank will be discussed.

COMMUNICATIONS SECTION
S. S. 21.1.1.1
D 6621
APR 9 1946

April 9 35.

G.F. Tyrrell, Esq.,
H.B.M. Consulate-General,
Shanghai.

Dear Tyrrell,

With reference to your telephone message of April 8, I have to state that further inquiries indicate that the information given in my letter of April 2 regarding Miss Clement is correct. Miss Clement resides at No.17 Avenue du Roi Albert, Room No.22, Telephone No. 72178. Letters may also be sent to her C/O Reception Office, Country Hospital, Great Western Road, where she is now temporarily employed.

Yours sincerely,

Deputy Commissioner(Special Branch)

SHANGHAI MUNICIPAL POLICE.

Section 2, Special Branch. ~~XXXXXXXXXX~~
REPORT

Date: April 9, 1935.

Subject: (initials) Miss Julia F. Clement.

Made by D.S. Sansom

Forwarded by

B. B. Laverat. D.S.

..... Further enquiries in connection with the preceding report have confirmed the accuracy of the information contained therein. Miss Clement is residing at No. 17 Avenue du Roi Albert, Room No. 22, Telephone No. 72178. She is temporarily nursing at the Country Hospital, and mail will also reach her if addressed c/o Reception Office, Country Hospital, Great Western Road.

D. Sansom.

D. S.

Deputy Commissioner (Special Branch)

2621

April 2 35.

G.F. Tyrrell, Esq.,
H.B.M. Consulate-General,
Shanghai.

Dear Tyrrell,

With reference to your inquiry about Miss Julia F. Clement, I have to state that this lady is residing at No. 17 Avenue du Roi Albert. She is registered at the Country Hospital, Great Western Road, as an emergency nurse.

Yours sincerely,

J.H.G.

Deputy Commissioner (Special Branch)

S 2,

A letter addressed by Mr Tyrrell to Miss Julia F. Clement has been returned saying she is unknown. Please make further inquiries about the matter, and report.

J.H.G.

D.S. Sanson
8/4/35.

APR 13 1935

SHANGHAI MUNICIPAL POLICE.

REPORT

Section 2, Special Br. *D 6621*

Date *April 2, 1935*

Subject (in full) Miss Julia F. Clement.

Made by D.S. Sansom.

Forwarded by *A. D. Sansom, D.D.*

In connexion with the attached enquiry regarding the whereabouts of Miss Julia F. Clement, I have to report that this lady is residing at No. 17 Avenue du Roi Albert. She is registered at the Country Hospital, Great Western Road, as an emergency nurse.

D. S. Sansom

D. S.

Deputy Commissioner (Special Branch)

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

No. **D 6621**
Date **1 4 35**

Special Branch,

April 1, 1935.

S.2

Please endeavour to locate a Canadian girl
named Miss Julia F. Clement who is a nurse by
profession and arrived in Shanghai about two years
ago. She worked for a period in St. Luke's Hospital
and then went to Dr. Barrie's Clinic in Kuling. She
returned to Shanghai in October 1934 and afterwards
stayed for a period with McBeth of McBeth, Gray & Co.
Her sister has written to Mr. Tyrrell of the British
Consulate about her present whereabouts.

*to be recorded in office key
6621*

J. H. Givens
D. C. (Sp. Br.)

D. S. L...
1/4/35

D-6622

D-6623

D-6624



SHANGHAI MUNICIPAL POLICE.

Special Branch S. 5.

REPORT

Date May 13, 1935.

SHANGHAI MUNICIPAL POLICE
 File No. 101
 No. S. B. D. 6622
 Date 5/13/35

Subject..... Community Tabloid ceases publication.....

Made by *bb* and Forwarded by..... D.S.I. Golder.....

I have to report that the weekly newspaper "Community Tabloid" ceased publication on April 13, 1935. It is generally believed that there will be no attempt to publish the newspaper in the future.

Em Golder
D. S. I.

D. C. (Special Branch).

File
JMG

APR 14 1935

FM. 1

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

Shanghai, April 29, 1935.

To D. C. Special Branch.

Sir,

The "Community Tabloid" did not appear this week, thus it would appear that it has ceased publication. Don Smith still works with the New Mission Press, so far it has not been possible to discover why he has not called at Headquarters as requested.

S.S., Please report in two weeks as to whether paper has resumed publication or not.

Mos. E. Gold
D.S.I.

29 APR 1935

SHANGHAI MUNICIPAL POLICE.

Special Branch, Section 5 Station 1
REPORT
Date April 23, 1935.

Subject The Community Tabloid - Harry F. Smith and Don Smith.

Made by and Forwarded by D.S.I. E.L. Golder.

At 10 a.m. April 23, 1935 the undersigned paid a visit to the offices of the New Mission Press, No 5, Lane 134 Nanzing Road. Mr Don Smith, editor of the Community Tabloid was interviewed and informed of the wishes of the Deputy Commissioner Special Branch as appended to report dated April 4. He promised to attend Police Headquarters at about 12 noon on April 23, 1935.

Further enquiries into the activities of the members of the staff of the New Mission Press reveal that Harry F Smith and Don Smith the editor of the paper " Community Tabloid" are two distinct persons. Harry F. Smith is an American support and a married man who is guilty periodically of failing to/ his wife and children. Some months ago he was charged with the failure to support them and was sentenced by the American Court to 30 days imprisonment.

After leaving the Amoy Road Gaol at the expiration of his sentence he obtained a position with the New Mission Press as accountant or vice-manager but was dismissed about one week ago owing to there being evidence that he had tampered with the Company's books. Mr Schmuser, managing-proprietor of the New Mission Press has laid a complaint against H.F. Smith whose whereabouts are at present not known. Mr, Feltam Watson, District Attorney has informed the undersigned that no charge will be brought against Smith, however the Consulate are anxious to know his whereabouts.

Don Smith who is alleged to be Canadian, is the person who was at one time on the staff of the Toronto Star and who was responsible for the article regarding the shooting affray outside the Hongkew Market which appeared in an issue of

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

..... Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

Community Tabloid. Don Smith during the interview of April 23, 1935 stated that the Community Tabloid would not appear again but failed to give any reason for the action of stopping publication of the paper.

Em Glean

D. S. I.

Deputy Commissioner Special Branch.

S'5,

Mr Don Smith has not called upon me so far. Please ascertain discreetly his reasons for not coming and if he is likely to come in the future. Do not approach him direct if he has left the employment of the Community Tabloid or if the paper has ceased publication.

25 APR 1935

DC (sp B-)

If this publication is
sufficiently important to merit
consideration I have no objection to
the Editor being shown and being
in a position to discuss it.
Mr. Fambain would probably be
able to cope with it.

Discuss with Mr. Fambain.
Fambain will only be returned if
Mr. Smith is willing to publish an
extract of A. and B.

15 APR. 1935

FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai, April 13, 1935.
To D. C. (Crime)

Information and
kindly pass to
Acting Commissioner
of Police. I suggest
the parts underlined
with red ink constitute
unfair comment.

J. H. G.

A. G. C.

Passed to you please.

Surf.

13 APR. 1935

D. C. (CRIME)

SHANGHAI MUNICIPAL POLICE.

File No. 6622

Special Branch S. S. 52 ~~SECRET~~ 125

REPORT

Date. April 4, 1935.

[Subject.] The "Community Tabloid", its publishers and its policy.

[Made by] and Forwarded by. D.S.I. Golder.]

further enquiries have been made regarding
F. Schmuser, K.A. Niedernhoefer, G. Kuhnie and Herbert
Willweber who are concerned with the printing and
publication of the "Community Tabloid" and regarding
Harry F. Smith alias Don Smith, its editor.

The consensus of opinion regarding them collectively,
is that they are trying to make a living and that they
are fairly straightforward.

The idea of publishing the "Community Tabloid"
was Smith's who in looking round for a partner met
Schmuser, the proprietor of the New Mission Press.
Schmuser who has been in deep water financially for
the past year or so was only ~~too~~ willing to take on
anything that showed the possibility of a profit, thus
he and Smith formed what is known as the Community
Printing & Publishing Company, which, if successful,
will supersede the New Mission Press.

The policy of the paper as explained by Smith
to his friends will be an "outspoken but fair and
constructive criticism of Municipal administration".

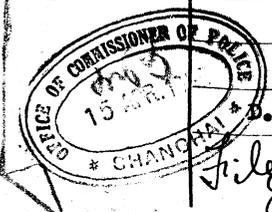
[The back copies of the "Community Tabloid" have
been purchased and arrangements made for the purchase
of the paper in future.]

H.S. (Gr.)
Informations

JHG

Em Golder

D. S. I.



S. C. Special branch. copy sent to Mr. Burton Lyster

File JHG

\$5, please ask the editor of the Community Tabloid to be kind enough to call to see me two times when he is in the vicinity of the Municipal Adminstr. Building

JHG 4/15/35

No. D4/R

6622

Shanghai Municipal Council



April 2, 1935.

PRESS INFORMATION OFFICE

Deputy Commissioner of Police,
(Special Branch).

Re "Community Tabloid"

I am much obliged to you for the copy of the police report dated April 2, 1935, on this publication and have transmitted same to the Secretary.

G. Benton Sayer.

Press Information Officer.

\$5, Please note and
attach wfile. I
understand you are
continuing inquiries.

MS

2 21 10 11

FM. 1

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

To S.S. Shanghai, April 1st 1935

Information is required at once for Mr Burton-Sayer regarding a publication called the "Community Tabloid" which has editorial offices in the New Mission Press, Lane 134, No. 5 Nanzing Road, Tel No. 41439. Who are the owners and editors of this paper and what is its policy?

J.H.

SHANGHAI MUNICIPAL POLICE.

File No. 5622

Special Branch S. 5622

REPORT

Date April 2, 1935.

Subject The "Community Tabloid", a publication interested in Municipal affairs.

Made by and Forwarded by D.S.I. Golder.

* See also file 5 227

The "Community Tabloid", a weekly newspaper, is printed by the Community Printing Company No. 5/134 Nanzing Road, which is a section of the New Mission Press, a German concern. Its president and manager are F. Schmuser and K.A. Niedernhoefer respectively and both are Germans. The former lives at Flat No. 3, 75 Seward Road and the latter at no. 443 Boone Road. The employees of the New Mission Press also include two other Germans named G. Kuhnle and Herbert Willweber. There is reason to suspect that Willweber's wife was connected with Communist elements in Budapest.

The editor of the "Community Tabloid", a Canadian named Harry F. Smith, came to Shanghai about six months ago. He claims to have formerly worked on the staff of the Toronto Star. He appears to be a man of unsettled temperament who goes from job to job.

The "Community Tabloid" has been taking considerable interest in municipal affairs and is inclined to favour movements which are likely to embarrass the Municipal Council.

Enquiries regarding this organ are being continued.

D. S. I. Golder

Deputy Commissioner special branch.

Copy sent to Mr. Burton-Lager, please pass to S5 for further report.

APR 1935

SHANGHAI MUNICIPAL POLICE

S. B. REGISTER

File No. 6623

SHANGHAI MUNICIPAL POLICE

S. 2. Special Branch 6 Station, 135

REPORT

Date June 6, 1935.

Subject Judgment against Ri Toku Sei (李德成), alias Ri Sei Yuh (李世楮),
Korean.

Made by D. S. Kamashita

Forwarded by R. B. Everett

In continuation of the attached report on the subject of the arrest of Ri Toku Sei (李德成), I have to report that this individual has been detained at the local Japanese Consulate-General since his arrest on March 29th, 1935. As the result of investigation made by the 2nd Branch (Special Branch) of the Consular Police it was revealed that this person had no connection with any communistic or other political offence. Accordingly he was handed over to the Crime Branch of the Consular Police and charged with larceny, fraud and misappropriation in accordance with the charge made by Hongkew Station, S.M.P. On June 5th, 1935, Ri Toku Sei was sentenced at the Japanese Consular Court to 6 months imprisonment and he will be sent to Nagasaki Gaol in the near future for execution of the judgment.

D. S. Kamashita
D. S.

Deputy Commissioner, Special Branch.

D.S. (Crime)
Information.

D.S.O.C.

To make.

J.M.S.

7 JUNE 1935



Serial Detention N. Charge

File

Vol 9 return

FIR 606

FIR 601

FIR 607

R.C.G.

135 Hongkew

7 JUNE 1935

10/1/35

SHANGHAI MUNICIPAL POLICE.

No. 6623

S. 2. Special Branch/Shanghai

REPORT

Date. April 2, 1935.

Subject (in full).....Arrest of Ri Toku Sei (李徳成), Korean Radical suspect.

Made by.....J.D.S. Kamashita..... Forwarded by.....B.D. Guenther

A Korean named Ri Toku Sei (李徳成), age 22, was arrested by J.D.S. 131 Iguchi attached to Hongkew Station at Chanco and Soochow Roads corner on a charge of larceny at 11.00 a.m., March 29 and immediately handed over to the Japanese Consular Police. In the course of enquiries at the Consulate it was revealed that this individual was wanted by the Consular Police as a radical suspect.

Information regarding his record will be forwarded after the completion of enquiries by the Japanese authorities.

J. Kamashita
J.D.S.

Deputy Commissioner, Special Branch.

S2,
Further report please in due course.

J.D.S. Kamashita
8 APR 1935
3/4/35

By EUGENE LYONS

Story Of "Flying In Japanese"

Young Treasure Hunter Recounts Difficulties Of Formosa "Visit" En Route To Philippines Bonanza

Trip Ended In Bay At Basco As Typhoon Struck Craft; 22-Year-Old Adventurer Plans To Start With Another Boat

(Herewith is the account of the eventful voyage of the Flying Dutchman as told by Mr. Gene Roubin, 22-year-old adventurer, to The Shanghai Evening Post. Mr. Roubin, who in company with Mr. Hintz Wrede and Mr. William Gates sailed to Formosa where they were apprehended on charges of espionage, has just returned to Shanghai from the Philippines, where the trip reached its climax.)

By GENE ROUBIN

THE Flying Dutchman with its crew of three hoisted sail at Shanghai on the fourth of April. We were bound for Luzon Strait where we hoped to explore some of the small islands in the Balintang Channel, islands about which there were rumors of buried treasure, and other remarkable things we wished to investigate.

As soon as we were past Woosung the boat began to leak badly, but there was no turning back then for fear of losing face with those who had seen us off. In the weeks of misadventure that followed we often wished we had heeded this evil omen at the start, and beat it back home, for the Flying Dutchman lived up to name she turned out to be a haunted ship, haunted and hunted.

THE news of her troubles in Formosa was given briefly to the whole world at the time, but heretofore the exact details of that misfortune and those that followed have not been published. Of course we were out for adventure, so we can't complain of what happened to us during the search. As it was we were lucky to come through with our lives after trusting them to a 30-foot ketch-rigged sailboat at the mercy of winds and waves, not to mention Japanese police.

For some time out of Shanghai it wasn't bad in spite of the surplus of bilgewater; there were a couple of calm days, and then we ran south before a good northerly breeze for a while. The breeze stiffened, however, and blew at a force of 9 or 10. We rode all night with only a jib sail spread, before the wind, unable to heave to for fear of being capsized. When dawn came we were able to bring her head around into the gale and hold there with a sea-anchor.

We were hove-to for 38 hours, then drove southwestward with a strong wind at our backs, but no sun to give us our position. Naturally we were quite happy when we sighted a Japanese fishing boat, which came alongside and showed us the chart—60 miles from Formosa. The fishermen towed us for several hours, but the waves became too big, so we had to cast off, letting them go on ahead.

THAT'S how the Japanese knew in advance of our coming and had time to prepare a reception. When we reached Keelung 10 days after departing from Shanghai, the authorities came aboard and made a search, taking our camera and developing the film, although they found nothing incriminating, they took us to the police station and piled us with questions from 7 p.m. until 2 o'clock the next morning. Evidently they wired the Japanese Consulate in Shanghai, for we were O.K.'d, but during the six days of our stay, one detective always trailed us.

After buying provisions and shoving off we thought we were through with Formosa, but it turned out otherwise. Three days later a storm drove us to seek shelter in Casawan Bay where we stayed overnight. Next day the Flying Dutchman got caught in the Blackstream current that flows north ward along the east coast of Formosa, and after three days we were passing Casawan Bay again about four miles off shore.

Our reappearance created suspicion, and another reception was prepared for us in Taito. As we were passing the place three armed officials came out and invited us in to replenish our water supply. We fell for the ruse and as we stepped ashore were presented with three warrants for arrest, all made out with our names and ages from the records at Keelung. Mr. Gates and Mr. Wrede were put in prison immediately, while I stayed on board that night to look after the boat. The date was April 29; I remember because we wrote it on the walls of the jail.

NEXT in importance to the closed shops, in the ordinary Muscovite, is the government store. The largest of these is on the Tverskaya street and is still popularly known by the name...

I accompanied the Flying Dutchman to a safe anchorage at Shinko 25 miles away and was taken back by auto to the hoosegow at Taito. For five days we stayed there with no interpreter and no knowledge of what was to become of us. Finally the American Consul at Taihoku heard about it and sent an interpreter. No evidence was found by him, but we were sent to Giran for trial. Our first day there was spent in a detention cell, and then we were put in prison, where the American Consul came and told us we were to be held 10 days more, and that our fine would be not more than 1000 yen and not less than 200. When no proof of espionage could be found the charge had been changed to entering a closed port.

On the day set for release a Buddhist priest with a beaming face came and asked us if we were happy at the thought of going free. Sure, let us out, we replied, thinking he was joking, or at least give us a cigar. It proved true, however, and we walked out, paid 200 yen plus money for food and transportation back to Shinko, and boarded the Flying Dutchman. Gates, however, was suffering from rheumatic paralysis in his arm, so had to wait for a ship to Manila. Wrede and I asked to be towed against the current that had brought us into this trouble, and on May 18 by government order we were taken to the southernmost point of Formosa four miles offshore. In parting, we agreed willingly never to return.

SETTING sail for Ibayat Island of the Batan group we made the 90-mile crossing of the Bashi Channel in 24 hours with the help of a northwest wind. We passed by the rocky cliffs and tried to go on to Basso, but the wind changed to southwest and we found ourselves drifting out into the Pacific. Buffeted by waves the rudder was damaged and we drifted helpless for five days.

Once we sighted an oiltanker only four miles away against the setting sun, but although we tried to signal them by burning oars they showed no response. Two days later when the weather was better we were able to go overboard and fix the rudder. A northerly breeze enabled us to go back through the Balintang Channel, noted for its capricious winds, and reach the island of Calayan.

We spent six days on this Philippine island, enjoying its beautiful beaches, coconut palms and friendly natives, who were glad to exchange food and water for a little "gin," their name for any liquor. Here it was that Li Ma Hong, Chinese pirate of the 16th Century, was supposed to have buried his treasure, but subsequent searches have only revealed some empty pots and many wild pigs.

BABUYAN was our next port of call, a place where the women were said to outnumber the men 20 to 1. Thirty years ago this may

have been true when it was the custom to kill the male children, but today in the population of 150 there are only 10 males to each man, due to the return through by a fugitive who made him a king. He improved the method of agriculture but did little for the textile industry, for the people wear no clothing except an occasional G-string.

We left after three days and tried to sail to Appari, a port on the northern coast of Luzon. A calm left us drifting in currents northward until we were back at Ibayat again, where we stayed 35 days with no favorable winds for a return south. While there we made some repairs on the boat, living on rice and fish in the meantime.

At last an easterly breeze took us across to Sabtan, where I had two narrow escapes from a man-eating shark, when I tried to recover a sail-hook 30 feet below the surface. I therefore decided that the gadget wasn't absolutely necessary.

WHEN we crossed to Basco, it proved to be the end of the voyage as far as the Flying Dutchman was concerned. We purchased provisions there and began repairing the leaks in the hull. A US Army General surveying for a landing field wanted to help us get to Manila, but his small gun-boat couldn't carry the ketch, so we stayed.

A typhoon swept through the Philippines about the first of August, and finished the Flying Dutchman. The last page in her log book might record how the waves battered her until she had to let go anchor and ground on the beach in the little

bay at Basco, there to be broken up by pounding. We of the crew waited until the steamer Isador called in to leave election then were taken to Manila, on August 16 almost four months after leaving S. There we found Gates in a hospital at Cavite. He returned Shanghai ahead of me and on his way to the United States while Wrede remained in Manila expecting to go to Germany. I believe the Flying Dutchman might not have such a tragic trip and unfortunate end if not been detained in Formosa. We lost the favorable wind delay, and from then on the culty led to another. However, I'm not going now that she's in her grave. I hope to get another boat a luckier voyage next time.

Handwritten signatures and scribbles at the bottom of the page.

Voyage Of The Flying Dutchman



Top, the three adventurers — Roubin, Wrede and Gates (left to right). Center, friendly natives at Calayan. Lower left, the Flying Dutchman before disaster. Lower right, a Formosan fisherman—this last photo having been developed by the police.

READY FOR NEW ADVENTURES

Mr. Gene Rouben Tells of His Experiences on Thrilling Voyage in Southern Seas

Adventure to Mr. Gene Rouben is the very stuff of life. One of a party of three who left Shanghai in a 30-ft. ketch in the late spring of this year to search for gold in New Guinea, he is in no way deterred by the loss of their boat, The Flying Dutchman, which was pounded to pieces on the shores of a small rocky island, one of a group to the north of Luzon. Days spent in prison, drifting helplessly in a rudderless boat, marooned on islands owing to unfavourable weather, and two narrow escapes while swimming in shark-infested waters, he accepts in a truly philosophic manner. He was out for adventure, he got it, and he is quite willing to go through it all again, provided he can find a suitable boat at a reasonable price.

Mr. Rouben returned to Shanghai yesterday in the ss. President McKinley. His companions on the ill-fated trip of The Flying Dutchman were Mr. William S. Gates, formerly a lieutenant in the U.S. Navy, and Mr. H. G. Wrede, a German. Mr. Gates, who was taken ill in Formosa when the three were thrown into prison on charges of espionage, which were later changed to anchoring in a closed harbour, recently returned to Shanghai and gave the "North-China Daily News" an account of the adventures of The Flying Dutchman up to Formosa.

Unfavourable Weather

Yesterday, Mr. Rouben finished the story. He and Wrede left Formosa, intending to cross the Bashi Channel and make the group of Batan Islands, which are the most northerly of the Philippines. The weather, however, proved their undoing. Their enforced stay in Formosa lost them the chance to cross the Bashi Channel under favourable conditions. The south-west monsoon had set in, they encountered tremendous seas and for five days, buffeted and battered, their rudder broken, and their craft continually leaking, they drifted helplessly out into the Pacific. On the third day,



"N.-C.D.N." Photo.

MR. GENE ROUBEN,

who arrived back in Shanghai yesterday in the ss. President McKinley. He was one of a party of three adventurers, who left Shanghai last April in search of gold in New Guinea.

whilst in this helpless plight, they sighted an oil-tanker. Their food was running short and they did everything in their power to attract attention. "She lay about three or four miles distant," Mr. Rouben said. "I could see her outline plainly, but she either did not or would not see us."

Two days later, with their rudder patched up with ropes, and the seas having abated, they limped into a safe anchorage off the island of Calayan. There they remained six days, effecting repairs to the boat and taking in fresh water.

The Island of Women

From Calayan they crossed to the island of Babyuan, reputed to have twenty women to every man. "We found that to be a fallacy," Mr. Rouben said. "Actually there are about 150 inhabitants, and the women are in the greater proportion by two to one." They ascertained the story was correct about 45 years ago, when the majority of male children born were killed. About 30 years ago, however, a fugitive from justice established himself on the island, where he became the ruler. He it was who stopped the practice of killing male children.

The Island of Babyuan, Mr. Rouben said, is self-supporting. The inhabitants, descendants of Filipinos and a tribe known as Igorots, live on sweet potatoes and rice. The island itself is a live volcano, which is constantly changing its point of eruption. The last big eruption occurred seven years ago. Mr. Rouben said the natives were friendly, but he thought some were suffering from leprosy. The inhabitants also have a few cows and pigs.

The prevailing winds were still unfavourable when they set sail again and they were forced to run for the island of Guinapac. There they were marooned for 35 days, existing entirely on sweet potatoes and rice which they obtained from the natives.

A Strange Encounter

Later, when they were again stranded on a small island, they met Gen. Parker—Mr. Rouben was unable to give his initials—who was surveying the islands in the hope of finding one suitable for turning into an aerodrome. Gen. Parker and his party gave them what assistance they could, but they were unable to do much.

It was shortly afterwards that, encountering heavy seas they beached The Flying Dutchman, but were unable to drag her far enough up from the shore, and the waves reached her and smashed her against the rocks, breaking her bottom and badly damaging the cabin.

Twenty-six days later a steamer, which visited the island on which they were stranded once in three months, picked them up. Mr. Rouben wanted to take The Flying Dutchman back with them, but the captain did not want to wait, as the weather conditions were bad.

Shark Infested Waters

Mr. Rouben said that the water among these islands and even those of southern Formosa is shark-infested. Off one of the islands, when he went down to examine the anchor of the ketch, a huge monster came towards him, but he managed to scramble back into the boat in time. The next day, he refused to go down, but on the following day, thinking the water would be clear, he again went below only to be chased back into the boat again.

Speaking of their experience at Formosa he said they were forced into Casawan Bay by bad weather. The Japanese told them if they came ashore they could get fresh water, but as soon as they stepped ashore they were presented with warrants for their arrest. The charge against them at first was espionage, but later, when the authorities could not find anything in the boat to support the charge, it was changed to anchoring in a closed port. They were imprisoned first in Taito for five days, during which they were not permitted to communicate with the American consular authorities. Then they were sent to Giran, where they stood their trial. "It consisted of pure cross-examination," Mr. Rouben said. As a result, they had to pay a fine of Y.200 and the expenses of their food whilst in prison.

Mr. Wrede is now in Manila and he hopes to go back to Germany shortly. Mr. Gates returned to the United States in the ss. Poisdam.

"What about yourself?" the interviewer asked. "I'm quite willing to do the whole trip again," Mr. Rouben replied with ready smile, "and this time get down to New Guinea."

MUNICIPAL
 CITY REGISTER
 B. D. 6624
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July 11

11607

AN ADVENTURER IN SEARCH OF HUMDRUM LIFE

Cured by Experiences in 30 ft. Ketch: Hard Times in Japanese Gaol and Hospital

Mr. William S. Gates has finished with adventure. All he wants now is to go home, get a decent job and settle down to as humdrum an existence as he can find. Back in Shanghai with thrilling tales of being buffeted about by winds and waves in a 30 ft. ketch; of arrest and days spent behind prison bars while Japanese authorities investigated charges of espionage; and of more days spent in hospital beds from sickness contracted in prison, Mr. Gates, who returned to Shanghai on Monday on the U.S.S. Stewart, from Manila, admitted yesterday that he was tired of exciting romance.

Mr. Gates, formerly a lieutenant in the U.S. Navy, sailed from Shanghai on April 15 in the 30-ft. ketch, The Flying Dutchman, with Mr. H. G. Wrede, a German, and Mr. Gene Rouben, a Russian, of Shanghai, as his companions. Ten days later, they arrived in Keelung, on the Island of Formosa, where they stopped for fresh water and to recover from the bad blow they encountered three days out of Shanghai. It was not until they anchored off Taito, on the east coast of Formosa, that they were arrested.

Suspected Spies

"All we wanted was more water and a night's pleasant sleep", said Mr. Gates. "The Japanese, however, arrested us as soon as we stepped ashore. The real purpose was an investigation of espionage, although their charge was violation of the Japanese navigation law of anchoring in Formosan waters without permission."

The three were held in prison for thirteen days during the investigation, and finally were fined Y.200 for an infringement of the navigation laws and turned loose. Mr. Gates gave up his adventuring then and there for, while lying in the hospital subsisting for the first few days on prison fare of cold rice and fish, he contracted inflammatory rheumatism in his elbow. As soon as he was released he went to the hospital in Taihoku, the capital of Formosa.

Relating his gaol experience, Mr. Gates said:—"They put us in detention cells with wooden bars and fed us at meal-times through small openings in the bars. After the first few days of almost starving, because somehow or other the prison fare was thoroughly unappetising, we were allowed to purchase our own food, which was better."

Unexciting Job Wanted

After spending six days in the Formosa hospital, Mr. Gates went by a small Japanese steamer to Hongkong and from there to Manila on the ss. Empress of Asia. He stayed in the Navy hospital at Canacao for three months and then came back here. His present plans are to sail from Shanghai on the ss. Potsdam, returning to America by way of Europe, and, after further treatment

for his arm, to make an attempt to obtain some sort of an unexciting job. Meanwhile, during Mr. Gates' hospital sojourn, the other two wanderers were continuing their adventures. What happened to them was a mystery until a short time ago, when cables and letters finally were received here by Mr. Gates and the mother of Mr. Rouben. According to the returned adventurer, Mr. Wrede and Mr. Rouben had the ketch returned to them by the Japanese officials, who towed them to the southern point of Formosa and wished them bon voyage.

"They then," said Mr. Gates, "went to the Batanes Islands. The delay caused by the Japanese authorities hindered their progress and forced them to arrive at the monsoon time, thus necessitating a stay there of two months. They finally managed to arrive at islands that had telegraphic communication with the outside world and sent telegrams to their friends and families."

In Search of Gold

During their sojourn on the island of Basco, they discovered that their boat, buffeted by adverse winds, and strained by waves and typhoons, could not cope with the winds of the island waters and so they proceeded by the ss. Isodoro Pons, which touches Basco three times yearly, to Manila, where they are now trying to obtain another boat to carry out their original plans, which were to go to New Guinea to prospect for gold, or to work in gold mines there.

Mr. Gates is quite firm in his contention that he has had enough of small boats and is looking forward to his trip in the Potsdam. The Flying Dutchman trip was his third experience in sailing, although this was the smallest boat. The other two were schooners. His first sailing trip was on the Valentine-Franklin-Burnett treasure hunting expedition at Cocos Island, off the coast of Costa Rica, where a fabulous amount of gold and silver is supposed to be buried. Mr. Gates admitted that his party found no trace of the treasure. His second trip was as navigator in a converted lumber schooner from Panama to Sydney, Australia.

Not What It Used to Be

Recent communications from the other two members of the Flying Dutchman expedition advised Mr. Gates that, after they sailed from Formosa, the stoves refused to work and the two subsisted on cold foods for two weeks. During their enforced sojourn in the islands they existed on native foods, such as yams, coconuts, and turtle eggs. If it were not such a far-fetched story, Mr. Gates admitted that he might be persuaded to visit Babuyan Island after all. This island, just north of Luzon, is reputed to have 20 beautiful women to each man. It was the original intention of the party to investigate this story. The other two,

after nearly wrecking their boat in an attempt to land at this island, learned that the story was told 35 years ago, but that conditions since have changed.

Adventure is not what it used to be, in the opinion of this weary wanderer.

SHANGHAI MUNICIPAL POLICE
 B REISTRY
 No. 8 D. 6724
 Date

File
 JHG

11608



"N.-C.D.N." Photo.

THE FATAL SPOT

Mr. William S. Gates, one of the three adventurers who set sail in the Flying Dutchman last April, points to the spot in Formosa where they were arrested by Japanese authorities and their trip delayed.

S. B. D.

**FLYING DUTCHMAN
AT MANILA**

**Nearly Wrecked in Typhoon
North of Luzon**

Manila, Aug. 16.

It was learned here to-day that Mr. H. G. Wrede and Mr. G. Roubin arrived here several days ago after the Flying Dutchman, the yacht in which they are travelling was nearly wrecked in a typhoon off Batanes Islands, north of Luzon.

It was reported the men left the third member of the party, Mr. S. Gates, in Formosa where he was taken ill.—United Press.

File
19 AUG. 1935

SHANGHAI REGISTER
S. B. REG.
No. D 6624
Date 12 15 1935

Shanghai Men Are Set Free By Japanese

Crew Of Ketch Who Were Held In Formosa Are Fined, Released

STRICT QUESTIONING FOR SEVERAL DAYS

American Member Going To Report On Matter To His Consul

GIRIAN, Formosa, May 11.—After undergoing the strictest questioning for several days, the crew of three of the Shanghai ketch Flying Dutchman, who ran foul of the Japanese authorities on May 2, obtained their freedom to-day—but only after payment of a fine of 200 yen.

Immediately after his release, Mr. W. S. Gates, the American member of the crew, left for Taihoku to report to the American Consul there.

In the meantime, his colleagues, H. G. Wrede, 26-year-old German, and Gene Roubin, a Russian, are preparing to leave the island at the first opportunity.

The party sailed from Shanghai in their 33-foot sailing boat on April 2, planning to travel to the Philippines, New Guinea, the Cocos Islands and South-west Africa.

The crew, however, ran foul of the authorities in Formosa exactly a month after starting on their voyage. They were taken into custody on May 2 on a charge of suspected espionage after rounding the south-end of the island.—Reuter.

TAIHOKU, FORMOSA, May 11.—Otto Kriez, a Shanghaiander and the owner of the yacht Osten, who was arrested in the middle of April on a charge of entering the strategic zone in Formosa without leave, was brought up at the Taichu district court to-day.

After a short hearing, he was fined 200 Yen for violating the Shipping Law and released.

The Osten, with a crew of two, Kriez and a Frenchman named Severin Ruffio, sailed from Shanghai on April 1 in an attempt to reach the United States. About a fortnight later, however, the trip was rudely interrupted when the Japanese authorities at Taiiko, Formosa, arrested the couple on a charge of espionage.

Ruffio was released after a short questioning, but Kriez was taken to Taian, in Taichu Prefecture, for trial.—Reuter.

*Some of the late
J.L. Roubin
is reported to
be in Singapore
at present
25/11/35
A.T.*

*File
J.M.*

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Shanghai Adventurers In Formosan Inquiry

American Consul At Taihoku Continues To Confer With High Court Procurator Regarding The Arrest Of Former U.S. Naval Officer

GIRAN, Formosa, May 8.—Mr. John B. Ketcham, American Consul at Taihoku, to-day continued to confer with Mr. Umizo Matsuo, Procurator of the Giran branch of the Taihoku High Court, in connection with the arrest of Mr. William S. Gates, 28, former United States naval officer, who was charged by police authorities, with having violated the Japanese Marine Act and suspected of photographic espionage.

Mr. Gates was detained for the second time in a month at Taito, South-East Formosa, when the 33-foot ketch the Flying Dutchman, in which he sailed from Shanghai with Mr. H. G. Wrede, 26, German, one-time employee of the Trans-Ocean News Agency's Shanghai bureau and Mr. Gene Roubin, 21, Russian, was taken under escort by a police cutter when it appeared off the island harbour.

Documents And Photographs

Police seized all documents found aboard and claimed to have found photographs "which indicate that the passengers of the vessel were involved in espionage."

The matter was referred to the judicial authorities and the men brought here from Taito to be examined.

Procurator Matsuo to-day emphatically denied in an interview the report distributed two days ago by a news agency, not Rengo, stating that he had announced that the men would have to stand trial on a charge of having violated the Marine Act.

The questioning of the accused, Mr. Matsuo said, will probably be concluded to-day and he would then decide whether or not to file indictments against them tomorrow or on Friday. Until then, he asserted, his office had no announcement to make.

Mr. Ketcham arrived here yesterday from Taihoku on express orders of Mr. Joseph C. Grew, United States Ambassador in Tokyo, who also has sent documents vouching for the character and integrity of Mr. Gates, whose father is said here to have been at one time a member of the United States House of Representatives.

Adventures Of Party

Mr. Gates and his companions left Shanghai on April 2, planning to travel to the Philippines, New Guinea, Cocos Island and South-west Africa.

On April 8 they were picked up by police authorities as they entered Keelung and examined, but released on April 15. They then continued on their leisurely cruise which was scheduled to take them from Formosa to Babuyan Island off the north coast of Luzon in the Philippine Islands. Entering Taito on April 29, they were again arrested.

According to original plans of the three adventurers they were to prospect for gold in New Guinea; try their luck at pearl fishing off the north coast of Australia; attempt to recover the gold said to be contained in the holds of the German raiding cruiser Emden, sunk off Cocos Island in 1915, and finally seek to salvage bullion from the Spanish galleon Cormoran, said to have foundered in 1520 about 800 miles from Luderitzbuch, South-west Africa. Their voyage was to take one year.—Rengo.

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MAY 11 1935

SHANGHAI MUNICIPAL POLICE
S. B. REG.

No. D

Shanghai Yacht Cruisers To Be Tried At Giran

3 Local Adventurers Removed To Procurate After Initial Probing

TOKYO, May 5.—(Reuters).—The three Shanghailanders, comprising the entire crew of the 33-foot ketch Flying Dutchman, who ran foul of the Japanese authorities in Formosa on Thursday, will have to stand trial on charges of violation of the Shipping Law and suspected espionage.

According to despatches today from Taito, in southeast Formosa, the examination of the three foreigners have just been completed, and they are now on their way to the procurate at Giran City for trial.

The men involved are:

W. S. Gates, 28, an American, formerly an officer in United States Navy, the navigator of the ketch;

H. G. Wrede, 26, a German, until recently the Shanghai representative of a German news agency; and

Gene Roubin, 21, a Russian with a Chinese passport, who claims to be able to go under water to a depth of 60 feet without a diving suit and to be able to stay submerged for two minutes.

Left Here April 2

The crew left Shanghai on April 2, planning to travel to the Philippines, New Guinea, the Cocos Islands and South-West Africa.

They intended to try to recover the gold the German raider Emden is supposed to have had aboard when she was sunk off Cocos Island by the Australian cruiser Sydney in 1915.

They also intended to salvage the Spanish galleon Cormoran, sunk in 1520 about 800 miles from Luderitzbucht, in South-West Africa, and believed by the German member of the party to have several million dollars worth of gold in her holds.

Reg. Please file. JH

8 MAY 1935

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S. M. K.
D. 6624
5/1/35

THE NORTH-CHINA DAILY NEWS, SATURDAY, MAY 4, 1935

**EMBASSY INVESTIGATING
FORMOSA ARRESTS**

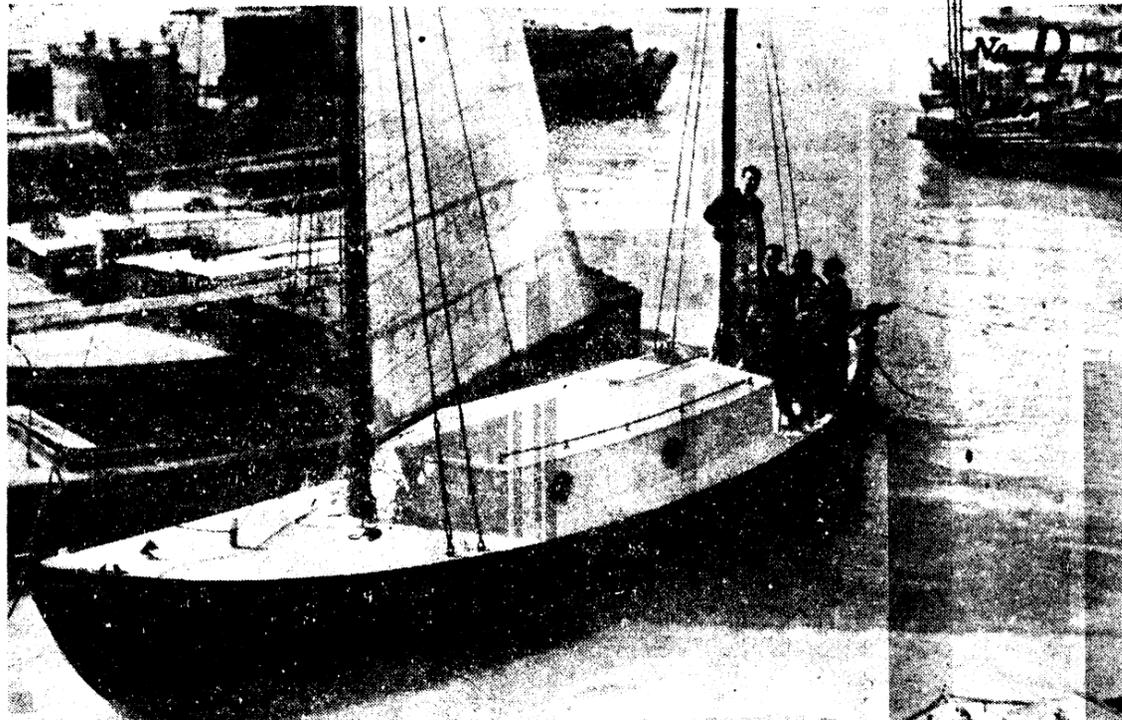
Washington, May 2.
Investigation is under way of reports that an American, a Russian and a German are being held at Taitc, Formosa, on espionage charges, Mr. Joseph C. Grew, United States Ambassador to Japan, told the State Department by cable late to-day. The Ambassador said that the only information so far received was in the form of press dispatches.—United Press.

File
JMG
MAY 10 1935

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SHANGHAI MORN. 10.5.07
S. B. PAGE 1ST

"FLYING DUTCHMAN'S" VOYAGE IS HALTED



Above is shown the ketch rigged "Flying Dutchman" in which three Shanghai youths set out on a search for sunken treasure. The ship and occupants are being held by Formosan authorities

on charges of espionage. Our picture shows the navigators aboard their ship in the Shanghai harbor as they bade good-bye to their friends. [Ah Fong.]

Crew Of "Flying Dutchman" Arrested By Japanese

Shanghailanders In Charge Of 33-Foot Ketch Are Accused Of Violating Shipping Law; Said To Have Surveyed, Photographed Coast

TOKYO, May 2.—The crew of three of the 33-foot ketch Flying Dutchman, which left Shanghai exactly a month ago on a projected journey half way around the world, have been arrested by the Japanese authorities in Formosa, according to despatches reaching Tokyo this morning.

The three men, two Americans and a German, were: W. S. Gates, 28, formerly an officer in the United States Navy, the navigator of the ketch; H. G. Wrede, 26, until recently the Shanghai representative of a German news agency; and Gene Roubin, 21, who claims to be able to go under water to a depth of 60 feet without a diving suit and to be able to stay submerged for two minutes.

The despatches state that they

were taken into custody at Taito in Southeast Formosa on April 29 on charges of violating the Shipping Law and illegal surveying and photographing of the coast.

The men have been sent to the procuratorate at Giran City for trial.

Former U. S. Officers

Press reports allege that the leader is a first-lieutenant in the United States Naval Reserve and that his two companions are also former American Naval officers.

If the ketch is actually the Flying Dutchman, these reports must be inaccurate, as Mr. Wrede is a German.

The despatches state that the sailing boat appeared at Keelung in the middle of April and the crew informed the port authorities that they were in the course of a voyage from Shanghai to Manila.

Later the three men were held up, and subsequently released, at several points along the west coast of Formosa.

Finally they were arrested after rounding the south-end of the island.

The United States Embassy here has, so far, received no information concerning the affair, but doubts the press reports that the crew are all Americans.

When the crew left Shanghai, they planned to travel to the Philippines, New Guinea, the Cocos Islands and Southwest Africa.

Search For Emden Gold

They intended to try to recover the gold the famed 10,000-ton German raider, Emden, is supposed to have had aboard when she was sunk off Cocos Island by the Australian cruiser Sydney in 1915.

An attempt was also planned to salvage the Spanish galleon Cormoran, sunk in 1520 about 800 miles from Luderitzbuch, in Southwest Africa, and believed by the German member of the party to have several million dollars worth of gold in her holds. He said he discovered its location by accident about six years ago.—Reuter.

THREE SHANGHAI ADVENTURERS HELD IN FORMOSA



"Braving the unknown perils of many seas," the above picture was captioned in "The Shanghai Times" of March 18, announcing the departure on April 2 of three Shanghai adventurers on a quest for hidden treasure. They are, from left to right:

W. S. Gates, Gene Roubin and H. G. Wrede, the first two named being Americans and the latter a German. Reports from Formosa state that they are being held for trial at Giran City on charges of espionage.

SHANGHAI BOAT DETAINED

Crew of Flying Dutchman
Arrested in Formosa

ESPIONAGE CHARGES

Expedition to Recover
Sunken Gold

Tokyo, May 2.

The crew of three of the 33-foot 4½-ton ketch Flying Dutchman, which left Shanghai exactly a month ago on a projected journey half way around the world, have been arrested by the Japanese authorities in Formosa, according to despatches reaching here.

The three men, two Americans and a German, were:

W. S. Gates, 28, formerly an officer in the United States Navy, navigator of the ketch;

H. G. Wrede, 26, until recently the Shanghai representative of a German news agency; and

Gene Roubin, 21, who claims to be able to go under water to a depth of 60 feet without a diving suit and to be able to stay submerged for two minutes.

The despatches state that they were taken into custody at Taito in southeast Formosa on April 29 on charges of violating the Shipping Law and illegal surveying and photographing of the coast. The men have been sent to the procurate at Giran City for trial.

Detained Previously

Press reports allege that the leader is a first-lieutenant in the United States Naval Reserve and that his two companions are also former American naval officers.

If the ketch is actually the Flying Dutchman, these reports must be inaccurate, as Mr. Wrede is a German.

The despatches state that the sailing boat appeared at Keelung in the middle of April and the crew informed the port authorities that they were in the course of a voyage from Shanghai to Manila.

Later, the three men were held up and subsequently released, at several points along the west coast of Formosa.

Finally, they were arrested after rounding the south end of the island.

Attempt to Recover Gold

The United States Embassy here has so far received no information concerning the affair, but doubts the press reports that the crew are all Americans.

When the crew left Shanghai, they planned to travel to the Philippines, New Guinea, the Cocos Islands and Southwest Africa.

They intended to try to recover the gold the famed 10,000-ton German raider, Emden, is supposed to have had aboard when she was sunk off Cocos Island by the Australian cruiser Sydney in 1915.

An attempt was also planned to salvage the Spanish galleon Cormoran, sunk in 1520 about 800 miles from Luderitzbuch, in Southwest Africa, and believed by the German member of the party to have several million dollars worth of gold in her holds. He said he discovered its location by accident, about six years ago.—Reuter.

All Sorts of Records Seized

Taihoku, Formosa, May 2.

Secrecy to-day continued to surround the case. The police allege that, after the vessel was sighted "acting suspiciously," a cutter was sent out in pursuit and brought her into harbour.

Upon examination, the police allege, "all sorts of records, photographs of the coast-line taken at various places and hydrographic maps" were found.

This led to the crew being handed over to the judicial officials, the Taito authorities said.

The Taito authorities seized all papers, including the men's passports. Gates carried one issued by the United States Department of State, Wrede one bearing the stamp of the German Consulate-General in Shanghai, and Roubin, who is a Russian, one given out by the Shanghai Chinese Municipality, the reports stated.—Rengo.

✓
S. E. REGI.

No. D-6624

Date 5 / 12 / 35

April 5 35.

Sir,

I have the honour to acknowledge receipt of your letter No. 1282 dated April 2, 1935, and to forward herewith a copy of a police report regarding the three persons whose names were mentioned in your communication,

* enclosed.
J. P.

I have the honour to be,

Sir,

Your obedient servant,

Signed: (J. P. Givens)

Deputy Commissioner (Special Branch).

J. Van den Berg, Esq.,

Netherlands Consulate-General.

PH 2
C. 1-35

SHANGHAI MUNICIPAL POLICE
REGISTRY
File No. 5

SHANGHAI MUNICIPAL POLICE.

Section 2, Special Branch - *Station*
REPORT
Date April 4, 1935.

Subject Heinz Gerhard Wrede, William S. Gates and Gene Roubin - Communication
from the Netherlands Consulate-General, dated April 2, 1935.

Made by D.S. Sansom Forwarded by *D. J. Sansom*

In connexion with the communication from the Netherlands Consulate General, dated April 2, 1935, regarding the three above named individuals, who have planned a cruise to New Guinea in a 33 foot sailing boat named The Flying Dutchman, I have to report that the party sailed from Shanghai at 3p.m. on April 4, 1935. The object in view is to reach New Guinea, via Formosa, Manila and the Netherlands East Indies, and earn a livelihood at pearl diving.

The following is known concerning these individuals:

Heinz Gerhard Wrede, born at Stettin, Germany, on February 22, 1909. Came to Shanghai from Manila in 1930 after spending some time in America, and obtained employment with the Pacific Trading Co., No. 4, Rue du Consulate. Joined the S.M.P. on Sept. 1, 1931, and was dismissed from the force on April 21, 1933, due to misconduct. He then found employment with the Transocean News Service at Nanking, where he remained for five months. He was arrested in Shanghai (Sinza District) on August 4, 1933, on a charge of Common Assault. The charge was later withdrawn.

William S. Gates, born at Joplin, Missouri, on February 13, 1907, and educated at the Annapolis Naval Academy. Sailed in a small yacht from New York to Australia during 1933, and came to Shanghai by steamer in September, 1934. Nothing detrimental to his character is known.

Gene Roubin, born at Baku, Caucasus, on December 29, 1912, and came to Shanghai via Harbin in 1924. He was educated at the Shanghai American School. In 1934, after having been employed with the Far Eastern Salvage Co. for 4 years, he left Shanghai and spent 8 months exploring Szechuan and Tibet.

SHANGHAI MUNICIPAL POLICE.

File No.

Station,

REPORT

Date. 19

Subject.....

Made by..... Forwarded by.....

-2-

Nothing detrimental to his character is known.

A. Sanem

D. S.

Deputy Commissioner (Special Branch)

File

JH

5 APR 1935

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.
TEL. AD. HOLLANDIA.

No.1224.

SHANGHAI, 3 April 1935.

Sir,

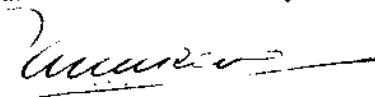
Further to my letter of 2 April 1935, No.1192, I have the honour to inform you that Gene RUBIN, mentioned therein, showed me a passport, No.250538, 外字, No.5618, issued on 31 March 1935 by the local Bureau of Public Safety, to the name of G.J.ROUBIN, age 19, profession a salvage diver, height 5'7 3/4", for the voyage to Formosa.

As the trio intended to sail to-day, there was no time left for Rubin to apply for a visé.

I have the honour to be,

Sir,

Your obedient servant,


Chinese Secretary.

T.P.Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,
SHANGHAI.

Reg. Please put up
file. *JMG*
attached *10/4/35*
APR 1935

No.1282.

SHANGHAI. 2 April 1935.

Sir,

I have the honour to inform you that the following persons intend to leave Shanghai shortly by a sailing boat of about 33 feet, called "The Flying Dutchman", for a cruise to Borneo and New Guinea:

HEINZ GERHARD WREDE, born at Stettin on 22 February 1909, holder of a passport, No.13, issued on 10 January 1934 by the local German Consulate General, formerly in the employ of the S.M.P., at present residing at 232 Rte Vallon,

WILLIAM S. GATES, born at Joplin (Missouri) on 13 February 1907, holder of passport No.577361, issued at Washington on 23 February 1933 and extended till 23 February 1937 by the local American Consulate General on 22 January 1935,

GENE RUBIN, born at Tsaritsen (Russia) 29 December 1912, who stated to have been in Shanghai for about 11 years and to possess a passport, issued by the Chinese authorities, which had expired and which was in the course of being renewed, so that no particulars regarding his papers are available. Rubin is at present staying in the Y.M.C.A.

I should be much obliged to you if you could let me know whether anything is known against these persons from a political or moral point of view.

I may add that although the two persons firstmentioned do not require a visé for admission into Netherlands India they nevertheless will have to comply with the regulations of the Immigration authorities in that country.

I have the honour to be,
Sir,

Your obedient servant,

[Signature]
Chinese Secretary.

T.P. Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,

SHANGHAI.

[Signature]
1935/4/35

*No business is done
re these individuals
in S. C. P.*

*S2, For
report
please.*

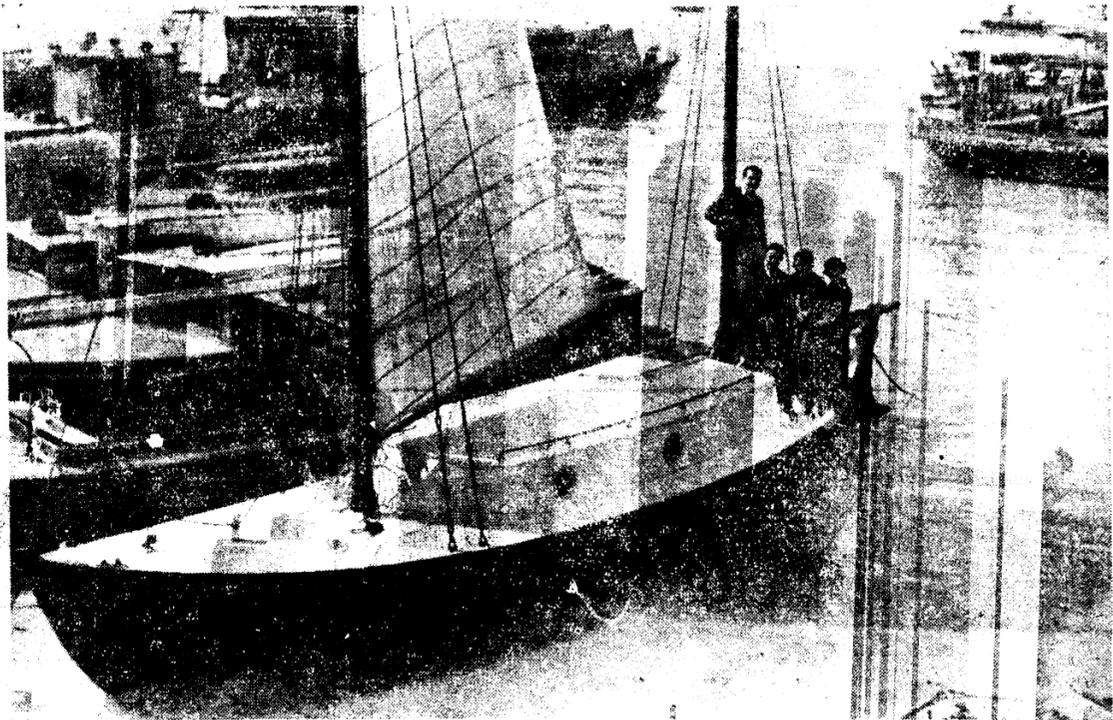
[Signature]

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10350
SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
D 6624
Date 8 14 35

THE SHANGHAI TIMES, TUESDAY, APRIL 2, 1935

TINY CRAFT TO START QUEST FOR GOLD TO-DAY



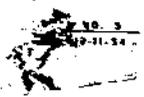
Three intrepid Shanghailanders will reef their sails to-day and set forth on the first leg of their 15,000 mile treasure hunt; a quest that will take them into many strange corners of the world. Their boat, "The Flying Dutchman," is a 33-foot, two-masted sailing cutter; it is equipped with a small cabin fitted with two bunks and a tiny galley. In

the above picture two of the boys are receiving a fond farewell from two of Shanghai's fair sex, the third boy is showing his lady friend the mysteries of the cabin, and failed to get in the photograph. Reading from left to right: H. G. Wrede, W. S. Gates, Ira Favorsky and Milla Eusefovich. [Ah Fong.]

D-6625

D-6627

D-6629



SHANGHAI MUNICIPAL POLICE.

Rec. File No. 85/38

SHANGHAI MUNICIPAL POLICE

S. B. REGISTRY

West End Station

Date March 29, 1935

REPORT

Subject (in full) Memorial Meeting for the Anniversary of the Execution of 72 Victims of the Kwangtung Uprising.

Made by D.S.I. Shields. Forwarded by Justice Swartz

no such meeting took place in the Chamber of Commerce on March 29

Sir,
Between 9.30 a.m. and 10 a.m. 29-3-35 in the Chamber of Commerce, about 300 people held a memorial meeting for the anniversary of the execution of 72 victims of the Kwangtung Uprising.
Mr. Woo Kai See, leader of local Kuomintang, acted as chairman of the meeting.
No untoward incident.

J. J. Shields
D.S.I.

B.D.O. "C" Division.
Officer i/c Special Branch.

File
gms
APR 1935

SECRET - NOT FOR PRESS PUBLICATION

SHANGHAI MUNICIPAL POLICE

SPECIAL BRANCH

.....

Intelligence Report

Political

March 30, 1935:

Movement of Notables

To Nanking

Departed at 11 p.m. March 29:-

Chu Pei Teh, Chief of Staff of the Military
Affairs Committee.
Chu Ming Nyi, member of the C.E.C. of the Kuomintang.

From Nanking

Arrived at 7.15 a.m. March 30:-

Yu Yu Jen, President of the Control Yuan.
Heu Yao Tsu, Chinese Minister to Turkey.
Yang Teh Chao, member of the C.E.C. of the Kuomintang.

Anniversary of the Execution of 72 Victims of the
Kwangtung Uprising (1911)

In observance of the Anniversary of the Execution
of 72 Victims of the Kwangtung Uprising (1911), meetings
of the usual Kuomintang order were held at the following
places on the morning of March 29:-

<u>Venue</u>	<u>Sponsored by</u>	<u>Attendance</u>
People's Educational Institute, Wen Miao Park, Wen Miao Road, Nentao.	The local Kuomintang Headquarters.	130 persons, mostly Kuomintang members.
14 Tai Zuen Li, Chao Ka Road, West Gate.	The Chinese Seamen's Special Kuomintang.	60 seamen.
Huang Hwa Kiang Middle School, Sung's Garden, Ts Yuan Road, Chapet.	Huang Hwa Kiang Middle School.	320 persons, teachers and students of the school.
215 Police Station Road, Footung.	6th District (Footung) Kuomintang.	40 persons, Kuomintang members in Footung.

March 30, 1935

Political (2)

Apart from the above, local Chinese Government organs, leading industrial concerns and educational institutions observed the occasion as a holiday and the Chinese national flag was flown at half mast.

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

Shanghai, April 22nd 1935
To Office of Special Branch

Sir,

The attached was received at Linga Station on 21/4/35. Rough translation is enclosed with same and it appears to refer to a communist. Inspected fully forward this for the information of S1

J.P.
Deputy
Sundt H. P. Raza

S 2,

Please note and pass W. H. G. W. file. J.P.
23/4/35

28 APR 1935

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
6627
Date 23/1/35

According to reliable information it was reported that the communistic arm badge and a blue cloth badge of Zung Tien Ming, alias ~~Zung Dah Foo~~ are contained in one of the criminal letters of which the envelope describes as "urgent letter addressed to Zung Tai Foo, from Zung, October 4th." which is kept in a small box underneath a leather suit case inside a cupboard in front of a bed in the bed-room divided from the home of Yang Ai Lien prostitute at No. 47 Elgin Road under a district of your jurisdiction. Another communistic badge of Zung Tien Ming is concealed in the pocket inside the cover of that leather suit case.

Zung Yih King, the father and Zung Zau Sz the mother of Zung Tien Ming are residing at No. 414 French Bund, a house facing east. You will find the scalp blood of a stork packed with a sheet of white paper stuck amidst the straw inside a salt cabbage urn after having knocked off the plaster which seals the mouth of the urn by digging the ground for about one foot from the place under the water vessel on the left side of the kitchen. The stork blood was used by Zung Tien Ming in poisoning Tseu Ah Hoo the sweetheart of his mother Zung Zau Sz, alias Ah Chio. Tseu Ah Hoo alias Tseu Tuh Piau native of Yien Zeng of Kompo who after having been poisoned was secretly buried on the tomb of Tong Zoong Sai, about three steps in front of the maple trees. Re the owner of Tong Zoong Sai's tomb, you may ask Tong Wai Hsueh or his son Tong Tseng Chyoh at No. 120 Rue Hue French Concession.

The communistic firearms may be found in the wooden box under the moving floor of a secret room on the south side of the red dotted line.

Search of the premises may be conducted with the assistance of two sketches. As it is perfect^{ly} confidential, no other documents will be prepared.

(Signed) Choh Zou Nyen from Zangzoh.
Administration Bureau of Shanghai
Special Area.

密稟者今據確實報告得悉

貴界治下愛而近路第四十七號門牌楊愛蓮
暗娼家中木板隔的臥房床前半段頭箱櫥
大英皮手提箱下面拜匣內有陳天民字達夫的
犯罪信件信內藏有陳天民的共產黨臂章及青
布符號(在上面信面寫要函便呈陳哲夫君啟左側
寫陳絨十月初四日的信內大英手提箱開後的箱蓋青布
夾左下角藏有陳天民的共產黨徽章陳天民父

陳一鳴母陳趙氏家住外白大橋法界第四百十四號內朝東門面先從右邊靠北沿牆脚進後門在邊間左邊靠北水缸下掘地尺許有鹹菜乾一個掉鬚頭泥搗去中塞稻草袋中藏白紙包的鴉頂血即陳天民毒斃其母趙氏小名阿鳳的周阿虎的毒藥周阿虎是江北鹽販人名周德標被陳天民毒死後其棺木偷葬在湯仲三坟前面墜下石條前樹前三步的地下掘出後可詢湯仲三坟主在法界東新

橋第一百廿八號內的湯懷壹及其子正鈺後即可開棺檢驗登報招領最緊要依紅虛線在靠南木板壁隔的密室房間內活落地板下泥地中木板箱內藏有陳天民的共產軍火謹奉上詳函兩紙請依函詳看說明搜抄查掘因事關緊密一時轉動公文不及請速即掩捕搜查以免移動免專此敬請

貴捕房

公鑒

上海特別區市政府

屈壽年謹稟

每年在常熟省親據確實報告上

四月十七日

SHANGHAI MUNICIPAL POLICE.

MUNICIPAL POLICE
File No. B. REGI 1111

3. 2, Special Branch, ~~xxxxxx~~
REPORT
Date April 10, 1935.

Subject... Letter received by Municipal Police disclosing addresses of alleged
communists at 414 Garden Bridge and 47 Elgin Road.
Made by and Forwarded by D.I. Everest.

I forward herewith a fifth letter on the subject of
alleged communist bases at 414 Garden Bridge and 47 Elgin Road.
A translation of the letter, which is in the same handwriting
as the previous ones, is given hereunder:-

"Officer i/c Louza Police Station,

"I beg to inform you confidentially that

"letters written by individuals murdered by hypnotism

"by Zung Tien Ming (陳天氏) alias Zung Dah Fu

"(陳達夫); communist credentials and armlets, as

"well as communist firearms are hidden in house

"No. 47 Elgin Road. As delay will be incurred if

"this is carried out through the usual course of

"procedure, I enclose a plan herewith with the

"request that a search be effected. Zung Tien Ming

"resides at No. 414, Garden Bridge, French Concession.

"His father is Zung Yih Ming (陳一鳴) and his mother

"is Zung Zao Sz (陳趙氏). In case he escape from

"No. 414 Garden Bridge, he can be located at No. 87A

"Range Road. There you will also find letters

"written by individuals murdered by hypnotism which

"are hidden in a box belonging to Zung Tien Ming

"beneath a bed in his bedroom.

(Signed) Chow Tuh Piau (周樹樵),
Chinese detective at Soochow."

[Handwritten signature]
APR 11 1935

[Handwritten signature]

D. I.

D. C. (Special Branch).

密票者探悉

貴祖界內愛而近路第四十七號門牌內藏有陳天民號達夫的用催眠術殺人的信件和共產黨的徽章和臂章及共產軍火因一時行文不及茲恐漏網故特附奉圖樣查照請詳細看圖照圖搜查陳天民家住法租界外白大橋四百十四號門牌父陳一鳴母陳趙氏請速搜查掩捕若逃避請至美租界老靶子路八十七號捕房即該處

臥室床下陳天民箱內亦有用催眠術殺人的信件請一併查搜實為公便專此密稟

老聞巡捕房

貴總巡 鈞鑒

蘇州華探周德標密稟

四月十二日

Form No. 1
C. 25,000-1-34

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE.

File No. D 6527
4 13

Section 2, Special Branch
REPORT Date April 13, 1935.

Subject (in full) Letter received by Municipal Police disclosing addresses of
alleged communists at 414 Garden Bridge and 47 Elgin Road.

Made by _____ and _____ Forwarded by D.I. Everest.

I forward herewith a fourth letter on the subject of
alleged communist bases at 414 Garden Bridge and 47 Elgin
Road (non-existent addresses) which was received by the Officer
in charge Louza Station on April 9, 1935. This last letter
is in the same handwriting as the others and the contents are
identical with the exception of the signature. In the
present case the letter is signed : Zing Ngh Tseng (蔡王平),
Chinese Detective Sergeant.

A translation of the letter is attached.

D.I. Everest

D. I.

Deputy Commissioner (Special Branch)

File
MG

APR 15 1935

Translation of letter received by Municipal
Police disclosing addresses of alleged
communists at 414 Garden Bridge & 47 Elgin Rd.

April 8, 1935.

Officer i/c Louza Police Station,

I beg to inform you confidentially that Yang Ai Lien (楊愛蓮) is occupying house No. 47 Elgin Road. There you will find communist credentials and armlets, firearms belonging to the Chinese Communist Party and letters written by individuals murdered by hypnotism by Zung Tien Ming (張天氏), all of which are hidden in a room on the ground portion in the 2nd row of the building. There are wooden partitions erected in that room. In the female servants room on the east side there is a cavity in the wall and you will find at the back of the first and second shelves letters relating to murders committed by Zung Tien Ming. Yang Ai Lien's room is on the west side. If you lift the curtain of the large brass bed you will notice a lock on the iron door of an aperture behind the bed. The lock will open after being turned three times to the right. There you will find letters written by individuals murdered by hypnotism by Zung Tien Ming as well as communist credentials and armlets which are contained in a small case wrapped in a piece of flower-design cloth. If you move the foreign-style glass wardrobe on the left-hand side of the large brass bed you will find two white wooden doors. Passing through the doors you will enter an oblong compound with white walls. If you pass by the right-hand side of the tree you will find on your right an old black wooden door on which there is a lock. If the door is forced open you will come across a secret room. Four old benches will be found on a thick plank on the left-hand side of the table. If you remove the plank and benches and dig 3 inches into the earth according to the red check in the north-western corner, communist firearms belonging to Zung Tien Ming will be found hidden in an old box

Zung Tien Ming resides at No. 414 Garden Bridge, French Concession. His father is Zung Yih Ming(陈一鸣) and his mother is Zung Zao Sz (陈超氏). Please detail armed plain clothes constables to effect a search and arrest them.

(Signed) Chinese Detective Sergeant

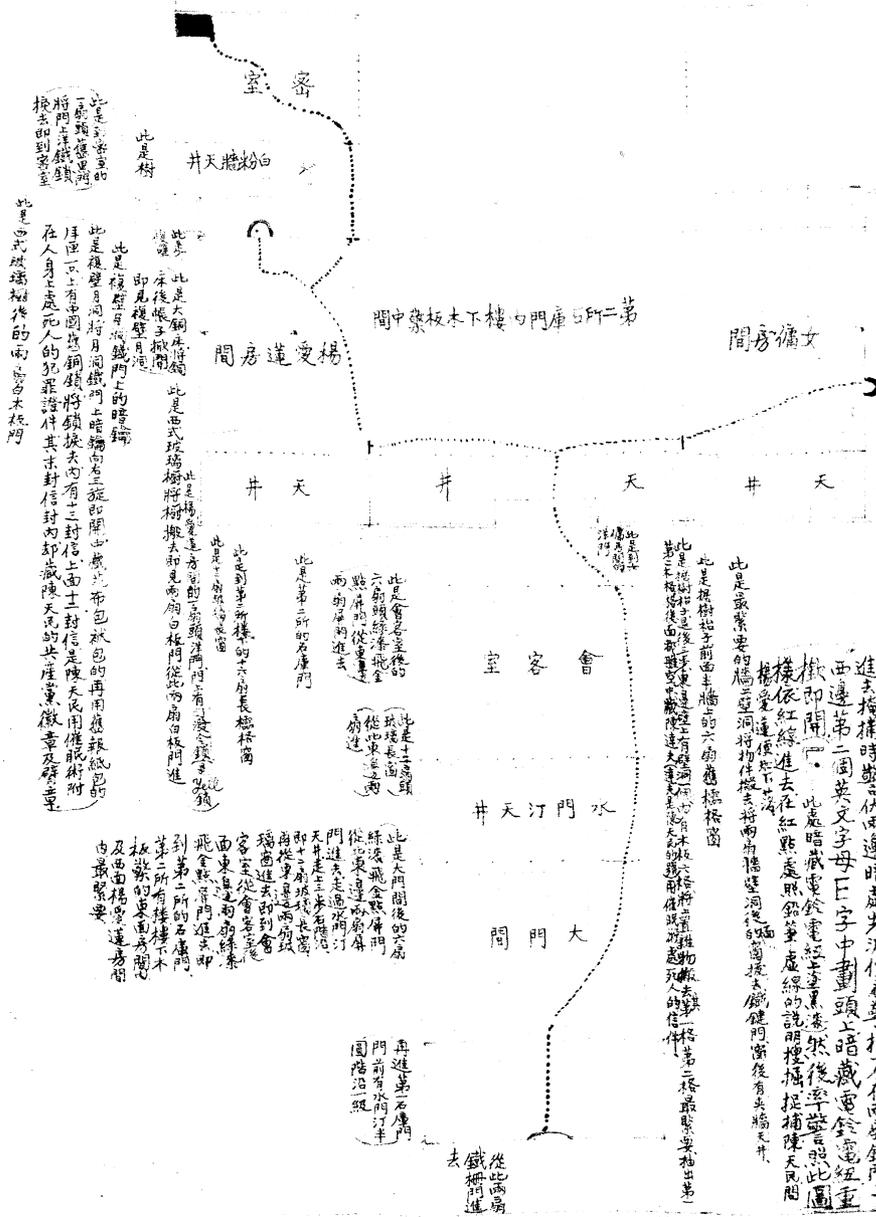
Zing Ngoh Tseng.(李玉箴)

N.B. As the case is very pressing, delay will be incurred if this is carried out through the usual course of procedure. As a result of accurate investigation, a detailed plan is appended herewith. Please effect a search accordingly.

密報者在 貴租界內愛而近路四十七號門牌住
戶楊愛蓮住宅內有陳天民字達夫的共產黨徽
章及臂章並有共產軍火並有陳天民男催眠術
殺人的信件都在第二所石庫門內樓房下面木
板架隔的東邊西邊兩房間內東邊女傭房間內
牆上壁洞中第一格木板及第二格木板格後面
都雕空中藏陳天民殺人信件西邊楊愛蓮房間
內大銅牀後面帳子掀開即見複壁月洞將鐵門
暗鑰向左右三旋即開中藏花布包拜匣匣中藏陳
天民用催眠術殺人的證件及共產黨徽章及臂章
床左將西式玻璃櫥搬開兩扇白木板門進去走
進白粉牆長方天井從樹右邊走進一扇頭舊黑
板門上有洋鎖將洋鎖拔去推門進去即到密室

注意此是後門在楊愛蓮進門的門面靠東隔離兩間門面的華康里弄屋最緊要光派捕房任從門以防逃走

此處最緊要在密室東北角將上面舊弄移花板位上蓋房長橫四尺一齊撤去此紅點掘地三尺多深內有舊皮箱一只箱中是此產案的匣子炮



此是楊愛蓮住宅在英租界愛而近路四十七號門牌門面上兩邊紅黑西磚半牆上有鐵欄杆當中兩扇鐵門進去進去捕捕時裝伏兩邊暗處先派便衣探探入在兩扇鐵門上西邊第二個英文字母E字中劃頭上暗藏電鈴電鈕重撤即開此處暗藏電鈴電鈕在室裏裏然後率警警此圖樣依紅線進去在紅點處照照鉛筆虛線的說明搜捕捕陳天兒楊愛蓮進屋下下

此是最緊要的楊愛蓮進門的門面靠東隔離兩間門面的華康里弄屋最緊要光派捕房任從門以防逃走

此是會客室內的此是上房門此是下房門此是到事辦樣的六扇長橫橫窗此是楊愛蓮進門的門面靠東隔離兩間門面的華康里弄屋最緊要光派捕房任從門以防逃走

此是楊愛蓮進門的門面靠東隔離兩間門面的華康里弄屋最緊要光派捕房任從門以防逃走

此是楊愛蓮進門的門面靠東隔離兩間門面的華康里弄屋最緊要光派捕房任從門以防逃走

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
File No. 2-6627
D

Section 2, Special Branch Station,
REPORT

Date April 6, 1935.

Subject Letter received by Municipal Police disclosing addresses of alleged communists at 414 Garden Bridge, 47 Elgin Road and 37-a Range Road.

Made by and Forwarded by D. I. Everest

reference attached reports regarding two letters addressed to the French Police and the Municipal Police which allege that No. 414, Garden Bridge and No. 47, Elgin Road are communist bases, I forward herewith a third letter in the same handwriting addressed to the Officer in Charge, Louza Police Station. This letter in addition to the two addresses already mentioned contains a further address, No. 37-a Range Road. Efforts to locate the three addresses have been made by S.D.S. 43, S.D.S. 155 and S.D.S. 261 but without success. Enquiries at the S.D.S. Revenue Office by S.D.S. Duke disclose that the numbers mentioned have not been allocated on the roads in question. The address given as 414, Garden Bridge is referred to in the last letter as being in the French concession.

A perusal of the letter addressed to Louza Station, a translation of which is given hereunder, gives the impression that the writer is mentally unbalanced.

"Officer i/c Louza Police Station,

"I beg to inform you confidentially that

"No. 47 Elgin Road is the residence of Yang Ai Lien

"(楊愛蓮) who is occupying a room in the western portion

"of the ground floor (left hand turn) in the 3rd row

"of the building. If you lift the curtain of the large

"brass bed you will notice a lock on the iron door of

"an aperture at the rear of the bed. The lock will

"open after being turned three times to the right.

"There you will find letters written by individuals

"murdered by hypnotism by Jung Tien Ling (陳天民).

"These letters are contained in a small case wrapped

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19

- 2 -

Subject.....

Made by..... Forwarded by.....

"in a piece of flower-design cloth. In the last
 "letter you will find a letter addressed to Jung
 "Chih Fu (許哲夫) which contains communist credentials
 "and armlets belonging to Jung Tien Ming alias Jung
 "Dah Fu (許達夫). If you remove the foreign-style
 "ladies wardrobe on the right-hand side of the large
 "brass bed you will find two white wooden doors.
 "Upon entering you will pass a compound with white
 "walls. If you pass by the right-hand side of a tree
 "you will find on your right an old black wooden door
 "on which there is a lock. If the door is forced
 "open you will find a white porcelain image of the
 "Goddess of Mercy on a table in a secret room. Four
 "old benches will be found on a thick plank on the
 "left-hand side of the table. If you remove the plank
 "and benches and dig 2 inches in the loosened earth
 "in the N-W corner, communist machine guns will be
 "found hidden in a box. One step to the rear of the
 "table in the female servants room on the east side,
 "you will find six shelves in a hole on the eastern
 "wall. Remove the articles on the shelves as well
 "as the first and second shelves and a cavity will be
 "seen in which will be found letters written by
 "individuals murdered by hypnotism by Jung Tien Ming
 "alias Jung Dah Fu. Jung Tien Ming is now
 "residing at No. 87A Range Road. His father is Jung
 "Yih Ming (許一鳴) and his mother is Jung Sao Sz (許紹石),
 "living at No. 414, Garden Bridge, French Concession.
 "Please effect a search in your settlement according

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19

-3-

Subject

Made by Forwarded by

"to the plan of the address and arrest Lung Lien

"ing without any delay.

" a plan is appended herewith.

(Signed) - Loh Shu Feng (陆菊芬)

Loh Shu Feng

Detective Inspector

D.C. (Special Branch)

\$ 2,
Please discontinue inquiries
and pass Whog. to file.
JH

Noted
Reg. Please file
JH
8/4/35.

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai, 4-4-1935

To S.O.A.

Sir,

Attached letter addressed to Longa Station, refers to a communist residing at 47 Elgin Rd West Hongkew District.

Suggest same to forwarded to Special Branch for information

P.C. (S.B.)

Turned

to you please.

Yours,
J. G. ...

\$2.7

attention please.

W. ...
2017

密報者今悉

貴租界內愛而迓路四十七號門牌楊愛蓮住

宅第三進樓房樓下西首房間內楊愛蓮住的

大銅床椅帳子撤去床背後有種壁爐中央有月洞

一個上有鐵門門上有暗鑰將暗鑰向右三旋即開中

有虎布色襪色的拜匣一只內有珠天氏用條紙拊斷

在身亡處死人的信件未封結內有陳哲夫信西疊中

藏外天氏何陳達志共黨微車贖者章將大銅床在

首西式玻璃厨搬去即見兩扇白木板門開進去走進

白樞大井旋樹石走進右首有島星板門一扇上有鎖

將門打開即見各室中供佛椅椅上有二香白磁觀音像

椅座墊軟毯美珠氈厚木板上有舊長椅四張椅木板

橙搬出來而北角板地字許之泥泥鬆軟下有二箱箱中

有共黨連子炮東音文樓房間內掛掛子過後一多桌皆

痛二層壁洞一個洞中有木板二格將格上物件搬去其第

一格第三格抽去板後而櫃空中藏隊天氏號陳達志明傢

所處死人的信件煤天氏現居美租界老紀字路六十六號

門牌內他家陳一鳴母陳趙氏家法租界外白大橋四

十四號門牌內請光在

貴租界照圖樣查搜後定可破案再急拘緝陳天氏

列案定報請大遠進行毋使漏網敬請

貴捕房長 劉鑒

鑒核施行實為公使

吳如盤

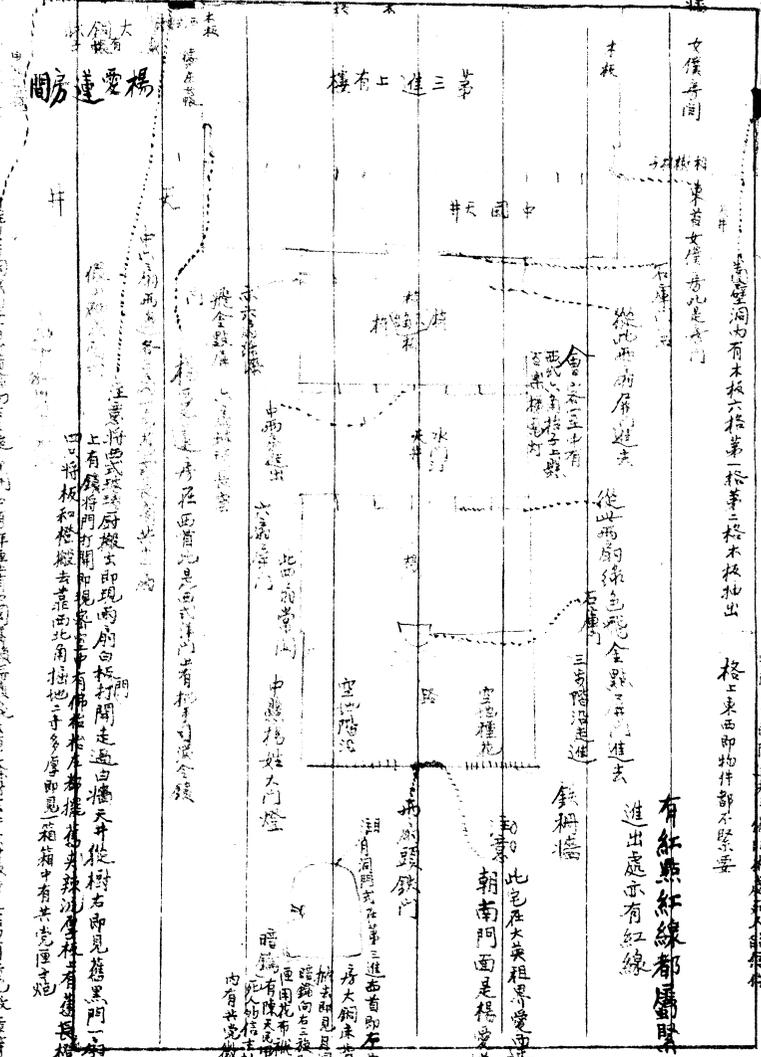
陳勇芬謹

此面即西首二層頭後門看住
水塔托守以免免脫

此處與現地不相符

室
密
土庫
土庫
土庫

土庫
土庫
土庫



注：凡有鐵上者，即係白三從，凡有土者，即係中，凡有鐵上者，即係白三從，凡有土者，即係中，凡有鐵上者，即係白三從，凡有土者，即係中。

此處與現地不相符
中藏陳文氏即陳廷夫自備此符是托人的存符

有紅點紅線都屬緊要
進出處亦有紅線

此色在大夾租界愛西門四七號
朝南門面是楊愛蓮女士住

洞有洞門或在第三進西首即左首楊愛蓮
房大銅床有後將帳
掛去則見是洞月洞門
洞門右三級即開門拜
洞門右有鐵包柱圍內
暗鏡有陳天德權財財
死人物信子封陳書卷信
內有共克敬華符章

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19

-2-

Subject.....

Made by..... Forwarded by.....

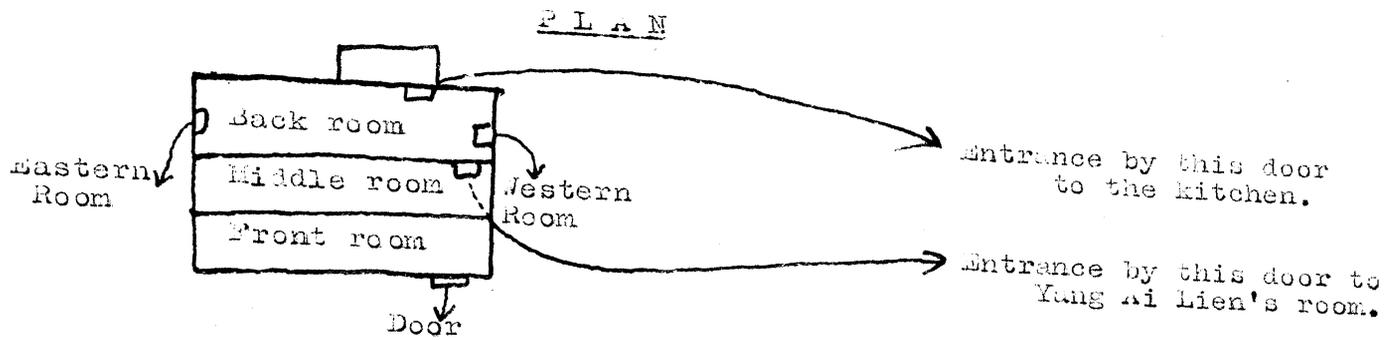
Efforts are being made to locate the addresses mentioned
and a further report will be submitted in due course.

R. B. Everett

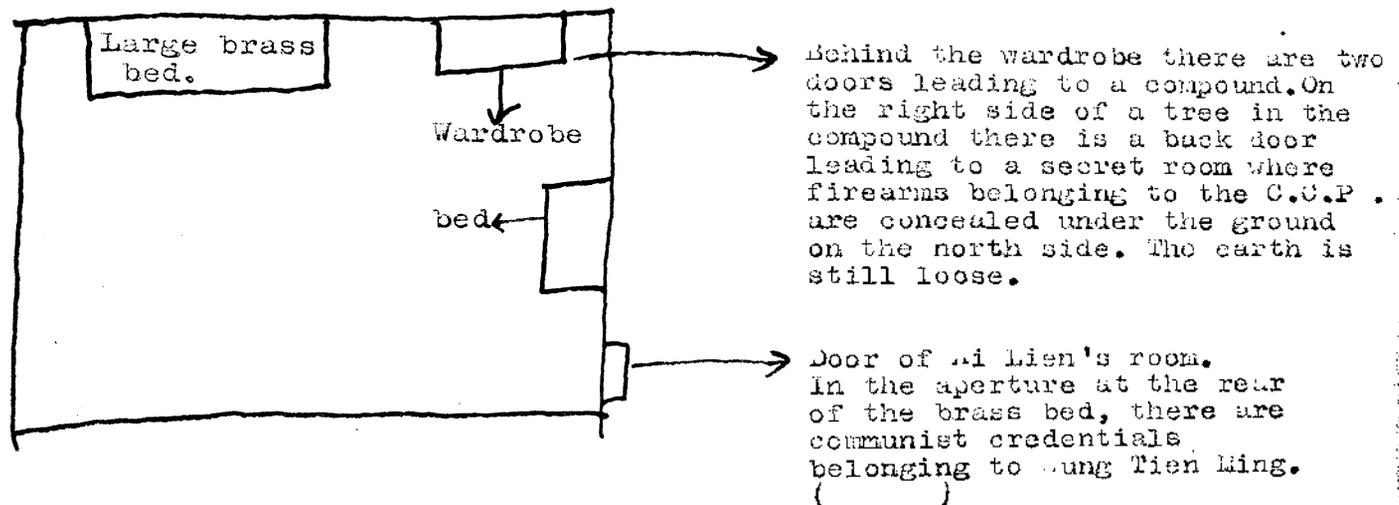
D. I.

D.C. (Special Branch)

J. G.



Yang Ai Lien's room.



FN. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL,

Shanghai, APR. 3 1935 193

To.....

Sir:

This is an anonymous
letter reporting Communists,
Communist literature and
munitions at No. 47
Elgin Road and 414
Garden Bridge (?), with
a detailed sketch.

J. Z. J. Co.

S. L. For attention
please. J. H.

主封信陳有夫信也有共陳有夫信也陳有夫信也

三疑前有拜陳有疑前陳有疑前陳有疑前

後月河也陳子陳使見河也子陳使見河也子陳使見河也

也河路也疑三疑三疑三疑三疑三疑三疑三疑三

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後美德天井也地也地也地也地也地也地也地也地也

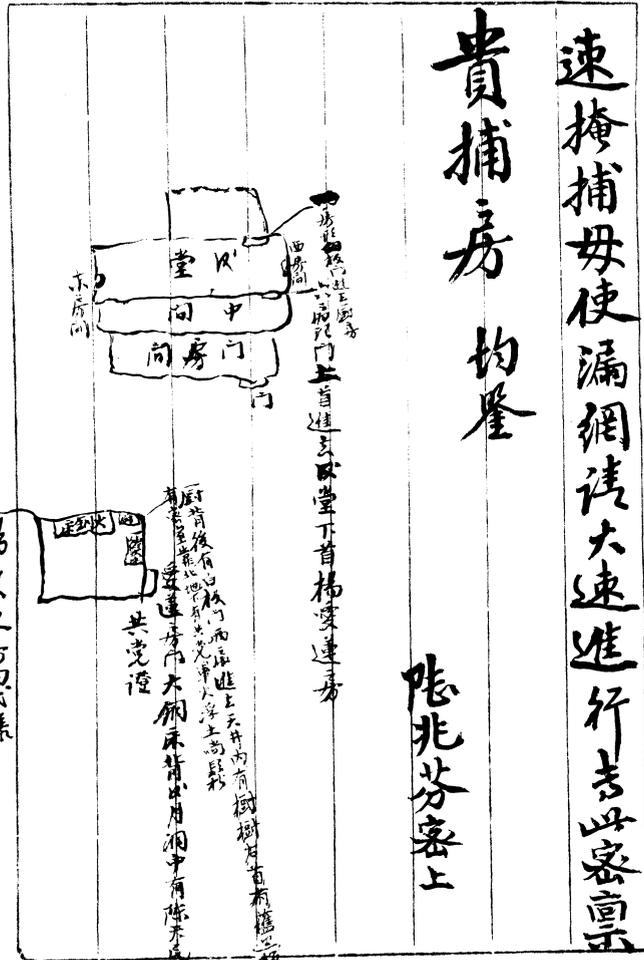
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MUNICIPAL POLICE
S. B. REGISTRY.
File No. _____

SHANGHAI MUNICIPAL POLICE.

Section 2, Special Branch / *Shanghai*
REPORT

Date: April 2, 1935.

Subject: Letter received by French Police disclosing address of alleged communists at 44 Garden Bridge.

Made by _____ and _____ Forwarded by D. I. Everest

The following is a translation of a letter (attached) which was handed to me by Detective Sergeant Gelin of the French Police at 2.35 pm. April 2:-

"Officer i/c French Police Station,

"I beg to inform you confidentially that Sung Yih Ling (陈良), his mother Sung Woo Sz (陈福氏) and his son Sung Tien Ling (陈天良), residing at No. 414, Garden Bridge in your territory, are real communists. Please search their house without any delay. Evidence can be found in a white pig skin box in front of the bed on the east side of the room.

(Signed) Loh Sing Zeh (洛琬石)."

Although Sgt. Gelin is of the opinion that the address mentioned in the letter refers to either Broadway or Seward Road, it is possible that this is not so and that it is intended to mean some bridge on the French Bund. In view of these circumstances I suggest that discreet enquiries be made before any definite action is taken.

Suggestion approved.
JAG

D. I. Everest

D. I.

D.C. (Special Branch)

D. G. Kurb

An careful enquiry report.

JAG 2/4/35

密啓者 貴祖弟外白大橋四百十五號陳一唯母陳趙氏子陳天民是真共產法抄及家中在床前白皮箱內法迅速搜捕並連夜查搜毋使漏網萬望火速進行幸甚密字

貴捕房

貴行長

鈞鑒

陸理石密啓

Translation of a Letter addressed to "French Police
Station, French Concession", undated.

Officer in charge of the French Police Station,

I beg to inform you confidentially that
Zung Yih Ming (陽一民), his mother Zung Rao Sz (陽超氏)
and his son Zung Tien Ming (陽天民), residing at No. 414
Garden Bridge in your ~~XXXXXXXXXXXX~~ territory,
are real communists. Please search their house
without any delay. ~~xxxx~~ Evidence can be found in a
white pig skin box in front of the bed on the east
side of the room.

Loh Sing Zah (陸慶廷)

3. 2, Special Branch, ~~XXXX~~

APR 16, 1935

V.L. Nogovikoff, applicant to carry arms.

With reference to the attached application of Vladimir Leonidovitch Nogovikoff to carry firearms, enquiries show that this individual is a Russian born in March 1916 at Buinsk, Simbirsk Province. His late father was an apothecary by occupation. In 1922 V.L. Nogovikoff arrived at Harbin from Russia together with his parents. He was educated at the Mixed Middle School and subsequently at Aksakovsky Middle School, Harbin. In 1923 he served for about 6 months with the Guard of the Lafa-Harbin Railway. During December 1933 he arrived at Shanghai from Harbin and soon afterwards obtained employment as a watchman with the Machine Shop & Warehouse of Andersen, Mayer & Co., No. 2 Tungliang Road, where he is still working. He resides with his mother at No. 115 MacGregor Road. Nothing detrimental is known by this office against the applicant.

*Original on file in
Home Licensing Section.*

D-6676



D-6677

SHANGHAI
S. B. ROBERTS
No. D 6677
Date 1 1 1935

May 9, 1935. 2

China Evening News published the following brief comment on May 8, 1935:-

THE CELEBRATION OF THE SILVER JUBILEE IN SHANGHAI

The British have the following extravagant expressions: "Wherever the sun shines, there the British flag flies".

This means that British influence exists in every part of the globe. That is why the celebration of the Silver Jubilee of King George was observed not only in London, but also in every part of the world. Therefore, there is no need for us to mention the celebrations in the International Settlement of Shanghai, which has been under the rule of the British for nearly 100 years.

On the evening of May 6, a reporter of this paper, after forcing his way for an hour, reached the gate of the Race Course on Mohawk Road. It was then only 8 o'clock, but the admission ticket he bought bore the number 10,000. Each ticket costs \$2.

It is fitting for the British to celebrate the Silver Jubilee, but we cannot understand why the Chinese people in Shanghai should be so eager to pay \$2 for a ticket in order to participate in the celebrations. It makes us sad to find during a month like May---- a month of many sorrowful anniversaries such as the "May 3", the "May 7", the "May 9" and the "May 30" Incidents---- large numbers of Chinese people so light hearted.

Shanghai Morning Post (official organ of Gen. Chiang Kai Shek) and other local newspapers:

THE ANTI-OPIUM MOVEMENT IN SHANGHAI HSIEN

The Anti-Opium Committee of Shanghai Hsien, in a circular notice issued on May 8, announces that people are permitted to make accusations against any persons surreptitiously selling prepared opium without licence or supplying opium to smokers without licence or smoking opium without permit.

China Evening News published the following article on May 6, 1935:-

THE CLASH BETWEEN THE CHINESE AND THE FRENCH POLICE ON ROUTE DE ZIKAWEI

A clash between the Chinese and the French Police took place on April 23, 1935 on Route de Zikawei, French Concession.

In the spring of 1914 when the French Authorities demanded an extension of the French Concession in Shanghai, Admiral Tseng Ju Cheng, Admiral Sah Chen Ping and Mr. Yang Cheng discussed the regulations for

D 6677
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SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D
Date _____ / _____ / _____

3

May 9, 1935.

Afternoon Translation.

the extension of the French Concession, of which Article 1 stipulates:-

"According to the regulations of the Concession, armed Chinese soldiers are not allowed to pass through the Concession. After the extension of the French Concession, Chinese troops are allowed to pass through the Concession with arms at any time without first giving notice to the French Authorities, and the French Police must not interfere."

As a result of the negotiations, the agreement over the extension of the French Concession was formally signed by the representatives of the Chinese and the French Authorities.

Article 3 of the agreement says:- "Chinese troops and Chinese wedding and funeral processions may pass through the French Concession, but the French Police must be notified beforehand so that traffic may not be disturbed."

Kiangnan Tseng Pao, a Japanese newspaper, published in the Chinese language.

CHINA'S AIR DEFENCE FORCE

Despite the financial stringency of the National Government, General Chiang Kai Shek, Chairman of the Military Commission, is expanding the air defence force on the advice of Colonel "Lo-Gee", the Italian Advisor on Aviation to the Chinese Government. The reorganization started from March 1 this year. It is not known how far developments have gone.

According to reliable information secured by this paper, the National Government will convert the six original aviation companies into three squadrons, each squadron to consist of three units, two of bombers and one of mail carriers. The strength of China's air defence has been doubled. This vast reorganization will be completed within this year.

There are 21 aerodromes in Chekiang Province, 19 in Kiangsu Province, 16 in Anhwei Province, 16 in Kiangsi Province, 11 in Hupeh Province, 15 in Hunan Province, 8 in Hopeh Province, 12 in Fokien Province, 9 in Szechuen Province, 25 in Kwangtung Province and 6 in Shantung Province. Ten of these aerodromes possess up-to-date equipment for night flying. The important aerodromes are located in Nanchang and Loyang, where all the air defence forces will be assembled in case of emergency.

There are about 500 aeroplanes for military use. Of these aeroplanes, many are bombers of the "Pi-Ya-Teh" type which General Chiang regards as the most suitable for air defence in China. This type of aeroplane can remain in the air for 24 hours and can proceed to Tokyo, the capital of Japan, destroy it and fly back to Shanghai for fuel without stopping.

From January to August last year, over 500 planes were imported from Italy, France and the United States, costing approximately \$36,000,000. The Standard Oil Company of New York has secured the monopoly of supplying gasoline for the airplanes of the National Government.

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SHANGHAI MORNING POST
S. B. SECRETARY.
No. D. 1117.
Apr. 26 1935

April 26, 1935.

Afternoon Translation.

Shanghai Morning Post and other local newspapers:-

THE PROPOSED SINO-JAPANESE INDUSTRIAL
CONFERENCES

In October this year Japan will hold Sino-Japanese Industrial Conferences in Shanghai, Nanking, Tsingtao, Tientsin and Peiping. Mr. Umikuchi of the Kosei Society will come to China on April 28 to consult with the Chinese Authorities.

According to Zien Zung Shu (任宗燾), a leading Chinese industrialist, if Japan sincerely renders assistance to China to develop her industry, the peoples of both countries will benefit. On the other hand should Japan harbour designs of aggression against China, the Chinese people would prefer that the conferences be not held.

Yoong Tsoong Ching (容宗敬), a well known figure in the Cotton weaving trade, holds the view that the conferences are at present on the paper stage and may not materialize. Even if they are held, it is but Japan's intention to avail herself of the opportunity to utter some words of flattery with a view to reducing China's enmity towards her.

Shanghai Morning Post and other local newspapers:-

WAGES OF LABOURERS FOR HOLIDAYS

The Chung Hwa Industrial Federation has decided to instruct Wong Ts Sung (王松), representative of Chinese employers to the 19th International Labour Conference, to uphold the views of the Chinese employers regarding wages for holidays and working hours.

It is ascertained that the Chinese employers have decided

- a) workers are to be given wages for six holidays in a year including the National Day.
- b) to oppose a 40-hour week.

Journal de Shanghai published the following article on April 24:

FRENCH POLICEMAN MALTREATED AND INJURED BY CHINESE POLICE

At 2 p.m. yesterday a motor truck transporting 37 policemen of the Bureau of Public Safety was stopped by a French policeman opposite Gaston Kahn bridge on Route de Zikawei to examine the permit which the Chinese military or police authorities should have procured in advance from the French Concession Authorities.

To the French policeman, who speaks the Shanghai dialect fluently, the officer in charge of the detachment replied that he had no permit but he would pass despite this. At the same time, he ordered his men to carry the French Policeman to Chinese territory where the foreign officer was disarmed and brutally beaten and left behind on the road. The officer succeeded in regaining the French Concession. He is at present receiving treatment in hospital.

The incident was brought to the notice of the Chinese Authorities and was subsequently settled by the French and Chinese Authorities.

116627

REGISTRY.

THE NORTH-CHINA DAILY NEWS, THURSDAY, APRIL 25, 1935

SINO-FRENCH CLASH EXPLAINED

Consular Officials Make
Light of Incident

CONCESSION POLICEMAN SAID RECOVERING

A denial that political significance attached to the clash between a French corporal of the French Municipal Police and a party of Chinese police of the Bureau of Public Safety, on Tuesday, was made yesterday by French Consular officials, who termed the incident a minor one due to a misunderstanding.

An official statement was sent out from the French Consulate-General to the following effect:—"The Municipality of Greater Shanghai immediately expressed extreme regret at the knowledge that a French policeman had been arrested during an incident between a French policeman of the Concession and policemen of the Chinese force. A promise was given that the guilty parties would be punished."

The trouble arose when a motor-truck containing more than a score of Chinese policemen was halted by the French officer in Route de Zikawei near the end of Route Gaston Kahn and the officer in charge of the Chinese group failed to produce a pass. It was said that the Chinese policemen were unarmed and were returning from the Recreation Ground in Nantao from a parade before Gen. Tsai Ching-chuen, Commissioner of Police.

The Chinese policemen are said to have insisted that they had a right to pass through the French Concession without a permit as they were unarmed, and when the French corporal disagreed they are alleged to have taken him into Chinese territory, where he was severely beaten. He was left by the roadside and subsequently staggered back to the Concession and reported the incident. He was said to be recovering from his injuries yesterday in St. Marie's Hospital.

"We are convinced the whole trouble was due to a misunderstanding," a spokesman for the French Concession said yesterday. "We don't attach any political significance to the affair, which was settled quickly by telephone. An apology was made by the Chinese and the incident closes."

Under the laws of the French Concession, Chinese police are only permitted to pass through the streets of the Concession after obtaining a permit. In no case are they allowed to pass while armed.

File
25 APR. 1935

107435

French Police Constable Is Manhandled

Said Beaten For Asking To See Permit From Chinese Police

PUBLIC SAFETY BUREAU MEN DENY ASSAULT

Chinese Allege Officer Was Beaten Up By An Infuriated Mob

A French constable attached to the French Police is to-day lying in a hospital suffering from injuries allegedly received at the hands of 30 policemen of the Bureau of Public Safety, whom he stopped on the Route de Siccawei near the Gaston Kahn Bridge at about two o'clock yesterday afternoon, demanding to see their permit to pass through the Concession.

The French report on the incident states that in reply to the French policeman the officer in charge of the 30 men of the Bureau of Public Safety, who were in a truck, stated that they had no permit and that they would pass without it. At the same instant, the French version continues, the officer ordered his men to take hold of the French police officer and carry him over into Chinese territory, where after being disarmed he was severely beaten.

Chinese Version

The Chinese version of the unfortunate incident, which has now been taken up by higher authorities, is that when 30 policemen of the Siccawei Sub-Station of the Bureau of Public Safety were returning from a review held in Nantao by General Tsai Ching-chuen, they were stopped by a French police officer who asked for their permit.

According to Mr. Hung Tseng, head of the sub-station, the Public Safety Bureau Officers informed the French Officer that as they were unarmed they were not required to show a permit and that they had passed via the same route the previous day without having to produce a permit. The French Officer then, according to the Chinese version, ordered one of his men to telephone the French station to ascertain whether the Bureau men could be allowed to pass without a permit.

The Bureau men state that after waiting for a long time they alighted from the truck and wanted to walk across the bridge to the southern side, into Chinese territory. The armed French officer allegedly followed them into Chinese territory and tried to pull them back insisting that they accompany him to his police station.

At this stage, the Chinese report alleges, a crowd of Chinese civilians had assembled and it is alleged that they manhandled the Frenchman with the Bureau officers, according to Mr. Hung, trying to protect him.

SI
Please note and pass Whig. where the incident showed he made the subject of a special file.
JH

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D.6677

SHANEY NATIONAL BANK
C. L. ZIGOTNY.
No. D. 6677
Date 25 / 4 / 35

April 25, 1935.

Bureau of Public Safety - Uniform Branch instructed to refrain from entering the French Concession in uniform

On April 24, the Commissioner of the local Bureau of Public Safety issued an order prohibiting members of the Bureau from entering the French Concession in uniform, even when off duty.

SHANGHAI MUNICIPAL POLICE
C. B. REGISTRY.
No. D 6677.
Date 25/1/1935

4
April 25, 1935.

Morning Translation.

Journal de Shanghai :-

THE INCIDENT ON ROUTE DE ZIKAWEI.

Shanghai City Government Expresses Its Regret
And Promises Punishment Of The Culprits.

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The French Consul-General informs us that in connection with the incident on Tuesday, April 23, between a French Policeman and policemen of the Bureau of Public Safety, the Shanghai City Government, upon learning that a Constable of the French Police had been molested, has expressed to him its deep regret and promised that the culprits will be punished.

D.6677

SHANGHAI MUNICIPAL POLICE
S. H. REGISTRY.
No. <u>D 6677.</u>
Date <u>24 / 4 / 35</u>

April 24, 1935.

Incident on Route de Siccawei between Party of Chinese Police
and a French Police Officer

At 1.15 p.m. April 23, 1935, a truckload of some 30 Chinese Policemen attached to the Siccawei Station were returning from a parade in Nantao and when they attempted to enter the French Concession by the Dah Foh Bridge, off Rue Gaston Kahn and Route de Siccawei, French Police Sergeant No.67 stopped the truck to ascertain if permission had been obtained from the French Authorities to enter the Concession. The truck stopped on Route de Siccawei and the Chinese Policemen alighted and, it is alleged, attacked the French Police Sergeant, causing him injury. The party of Chinese Police then returned to Chinese controlled territory and proceeded westwards on foot.

April 24, 1935.

Morning

SHANGHAI PUBLIC SAFETY BUREAU
S. S. A. C. I. D.
No. <u>D 6677</u>
Date <u>24, 4, 35</u>
Translation.

Shun Pao and other local newspapers :-

TROUBLE BETWEEN CHINESE AND FRENCH POLICE.

116071

In compliance with an order issued by the Commissioner of the Shanghai Bureau of Public Safety, Inspector Hung Tsung (洪振) in charge of the Zikawei Police Station at 7 a.m. yesterday detailed officers named Hu Chiu Chiao (胡秋超), Zung Ning Heng (陳任衡) and Yu Tsao Niao (袁祖堯), 3 sergeants and 27 policemen to proceed in motor trucks to the Public Recreation Ground, West Gate, where a three-day review is being held. At 1 p.m. the men returned in the same trucks. As they approached the great wooden bridge on Route de Zikawei, a French Policeman No. 67 together with an Annamite policeman and a Chinese policeman refused to allow the vehicles to pass. Officer Hu Chiu Chiao of the Bureau explained the position to the French Policeman who thereupon telephoned to the Station requesting instructions. The native policemen remained in the vehicles for a long time and as no reply was forthcoming Officer Hu then ordered all the policemen to alight and proceed on foot across the bridge and return to the station. (Owing to the narrowness of the bridge, a car cannot use it). However, the French Policeman was hostile and crossing to the south side of the bridge barred the way. Fortunately, through the persuasion of Officer Hu and others, no serious incident occurred. Inspector Hung Tsung of the Zikawei Police Station has reported the matter to the Commissioner of the Public Safety Bureau requesting instructions.

Sin Wan Pao (Evening Edition) of April 23 :-

Another Version.

On the morning of April 23 General Tsai Chin Chun, Commissioner of the Public Safety Bureau, instructed various police stations to detach a part of their force to attend a review at the Public Recreation Ground, West Gate. As the policemen attending the review will be unarmed, the authorities of the foreign Settlements were not informed in advance that the policemen would have to pass through their territory.

A body of native police, on approaching the French Concession, was refused entry, but permission was finally given upon representations being made by the Headquarters of the Public Safety Bureau.

After the review, a party of native policemen attached to the 6th District, whilst travelling in trucks through the French Concession on their way back to Zikawei Police Station, was again stopped by the French Police. Through misunderstanding on both sides, a dispute ensued and the situation at one time became very grave. The French Police adopted precautionary measures and Chinese and foreign detectives and policemen were heavily posted in the vicinity of Route de Zikawei. It is reported that the native policemen were detained.

The Public Safety Bureau has reported the matter to the Shanghai City Government. The Chinese and French Concession Authorities are conducting an investigation into the affair.

SHANGHAI MUNICIPAL POLICE.

File No. *D 6676*

S. 2, Special Branch, *26/4/35*

REPORT

Date *April 26, 1935*

Subject *Arrival of F. Kliawa, Soviet diplomatic courier.*

Made by *D.S.I. Prokofiev.* Forwarded by *A. B. Luvers*

Fedor Kliawa, 31, Soviet diplomatic courier, arrived in Shanghai from Moscow via Japan on April 18, 1935, in the s.s. "Shanghai Maru." He holds Soviet diplomatic passport No. 3190 issued on March 23, 1935 at Moscow, which bears a Chinese visa of March 26, 1935.

Upon arrival here he proceeded to Peiping via Nanking, after which he intends to return to the U.S.S.R. in about two weeks' time.

A. Prokofiev
D. S. I.

D. C. (Special Branch).

File
JK
26 APR 1935

D-6680

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D-6681

(Case of Rex v Indar Singh for Rape.)

S. B. REGISTRAR.

REMARKS OF REGISTRAR HAINES AS TO THE POWERS OF

FRENCH POLICE AND PUBLIC SAFETY BUREAU IN THE ARREST OF

BRITISH SUBJECTS.

At 2.30 p.m. April 17, 1935, the Registrar of H.B.M. Supreme Court delivered the following instructions as to the powers of the S.K.P. French Police and Public Safety Bureau in the arrest of British Subjects:-

ARREST WITHOUT A WARRANT.

The Chinese Public Safety Bureau officers as well as the Shanghai Municipal Police officers and the French Municipal Police officers are not Police officers within the meaning of English Law, although for the sake of good government they act as such.

When these officers are dealing with British Subjects they must be careful to conform to the English Law of Arrest. There are two forms (1) By Warrant (2) Without Warrant. For the sake of clearness I will recite their powers :-

(1) BY WARRANT. This means a warrant issued by this Court. In the case of mis-demeanours as distinct from felonies an arrest cannot be made without a warrant.

(2) WITHOUT A WARRANT. A police officer may arrest without a warrant for a breach of the peace in his presence. He as well as a private person is bound to arrest a person if a felony or a dangerous wound is committed in his presence. Where a felony has been committed and there is reasonable suspicion of his having committed it.

In this case there was not even a reasonable suspicion of the accused committing a felony when he was arrested. For the charge now preferred, being a mis-demeanour a warrant should have first been obtained.

(2)

This Court has no wish to embarrass the Chinese Police but on the contrary is anxious to give them every assistance but where British Subjects are concerned the formalities of British Law must be complied with. I consider that this man was most improperly arrested by the Chinese Police, no doubt through ignorance of our procedure and I have felt bound to pass these remarks.

I will conclude by saying that this Court is always ready to assist the Chinese Police, and will always be ready to issue warrants for the arrest of British Subjects when there are sufficient grounds to justify it.

(signed) C. H. Haines.

17/4/35.

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19..

Subject

Made by Forwarded by

- 2 -

Attached herewith are three copies of this magazine, being the 2nd, the 3rd and the 4th & 5th Issues.

Soo Kung-vong, who is in charge of the Shanghai Office of the Anti-Air Raid Research Society, was concurrently editor of this periodical until July, 1935 when he was succeeded by Li Tai Chiao (李天超), a secretary of the Shanghai City Government, who has been supervising the affairs of the Office of the Chief of the Members' Canvassing Groups of the China Aviation Society on behalf of Mayor Wu.

Sih Tse Liang

D. I.

D.C. (Special Branch).

EXTRACT FROM INTELLIGENCE REPORT DATED 18/12/34

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Shanghai Office of the Anti-Air Raid Research Society
- to give weekly lectures on air defence measures
through radio

The Shanghai Office of the Anti-Air Raid Research Society sponsored by the Aviation Committee at Nanchang came into existence in November, 1934, with an office at No.225, Rue Chapsal, General Chiang being the chairman of the Society. This office has decided to broadcast lectures on air defence measures every Tuesday afternoon over the radio station of the Great China Dispensary, Foochow Road. The first of these lectures will be given between 4.30 p.m. and 5 p.m. December 18.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
No. S. B. D. 1111
Date 7/27

TELEPHONE 14652/3.

OFFICE OF H.B.M. AIR ATTACHE,
217/8, SASSOON HOUSE,
SHANGHAI.

S/144/AA.

2nd September, 1935.

Sir,

In the absence of Group Captain Willock on Home Leave, I have the honour to enquire about the Anti-Air Raid Research Society, which, according to information supplied by your Office, was formed in November, 1934.

I should be very grateful if you could obtain for me copies of any lectures given or pamphlets issued by this Society, for transmission to H.M. Military Attache, PEIPING.

I am to add that, although translations would be much appreciated, they are not necessarily required, as it will be possible for translations to be made by the M.A.'s staff.

I have the honour to be,
Sir,
Your obedient Servant,

J. Johnson
Sergeant
for Group Captain,
H.B.M. Air Attache.

T.P. Givens, Esquire,
Deputy Commissioner,
Shanghai Police Force,
185, Foochow Road,
SHANGHAI.

S. 1
For attention
TR

INTELLIGENCE REPORT

June 25, 1935.

Political

Shanghai Municipality Air Defence Society - 3rd issue of magazine

In compliance with an order from the Chinese authorities, the Shanghai Municipality Air Defence Research Society (上海市防空學會) has been renamed "The Shanghai Municipality Air Defence Society" (上海市防空協會).

The Third Issue, Vol.1., of the Shanghai Air Defence Monthly, published by this organization, is on sale this morning, June 25. In addition to articles bearing on current events, aviation and air-defence, photographs of air-defence measures in Berlin are reproduced.

S. B. REGISTRY

665
11/27/35

April 19, 1936

Shanghai Municipality Air Defence Research Society

An organization called "The Shanghai Municipality Air Defence Research Society" has been organized under the auspices of the Shanghai City Government. It has offices at 179 Avenue Dubail, French Concession, and has a committee of seventeen persons including Mayor Lu Is Chen, General Lu Lu, Commander of the Peace Preservation Corps, General Tsai Ching Chan, Commissioner of the Bureau of Public Safety. The organization started on April 1 to publish a monthly magazine entitled "Shanghai Air Defence" which contains photographs and articles dealing with air defence and is distributed gratis among various official organs and public bodies. The magazine is edited by Soe Yung Vong (苏云蓬), a member of the Aviation Defence Research Committee of Hanking. A translation of an anti-British article which appeared in the first issue is attached. (A survey of the other articles is now being made and will be sent to you in due course.)

A ||

Copies to Group Capt. Willock (also the magazine)
Lt. Comdr. Warner
Capt. Ferguson
A. D. Blackburn, Esq.
H. H. Sleight, Esq.

J. J. Yao
29/4/35

Underlined statement at 'A' sent
Group Capt. Willock only. J. J. Yao

29 APR 1935

SHANGHAI MUNICIPAL P.L.D.
S. B. REGISTRY.
No. D 6681
Date 28 4 1935

April 28, 1935.

Morning translation.

MEETING OF THE SHANGHAI AIR DEFENCE ASSOCIATION

The Shanghai Air Defence Association held a meeting on April 25 at the Shanghai City Government. Representatives from the local Tangpu, the Woosung-Shanghai Garrison Commissioner's Headquarters, the Bureau of Education and other Chinese official organs were present. Mayor Wu Te-chen was in the chair.

The following resolutions were discussed and passed:-

1. That a Special Committee of the Association be inaugurated on May 1.
2. That a Shanghai Citizens' Air Defence & Protection Corps be formed.
3. That the Peace Preservation Corps, the Chinese Boy Scouts Committee and the Bureau of Education draw up measures for anti-air raid drill.

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Translation of an article from a monthly magazine entitled the Shanghai Air Defence(上海防空), Vol. 1, Issue No.1, dated April, 1935.

CHINESE PEOPLE SHOULD HAVE SOME UNDERSTANDING
OF CONDITIONS IN PAN HUNG.

Recently reports have been current of a dispute in Pan Hung(班洪) and an attack on Yunnan by British forces. The Executive Yuan has sent a wire to Yunnan asking for particulars but has, so far, received no reply. The problem of Pan Hung is undoubtedly one which affects China's national defence.

Britain's object in invading Pan Hung is to give effect to her "Three C Policy". She must first possess Pan Hung in order to secure access to the Yangtse Valley so that she will be in a position to control both India and the Yangtse Valley. This ambition has already been disclosed to the public in a book entitled "Communication between Yunnan, India and the Yangtse Valley," written by a British named Davis who had explored Yunnan.

After annexing Burma, Britain has been anxious to enter the province of Szechuen through Yunnan so that she might have the north and south of the Yangtse River under her influence. In the 20th year of Kwang Hsu(光绪), the British secretly removed the boundary stone and occupied Ko Yui Prefecture(科子市) where they established postal, telegraph, educational and missionary organs; they also favoured the immigration by the five tribes under the king of Hu Lu(葫芦). Subsequent to the Manchurian Incident on September 18, 1931, the British extended their activities to Pan Hung. In December, 1933 eight British subjects were discovered holding secret meetings and despatching large numbers of labourers to open mines there. A dispute took place through protests raised by the tribal chieftains.

Pan Hung is a mountainous district situated to the south-west of Yunnan. It is about 900 miles in width from east to west and about 2,000 miles in length from south to north. It has a population of 200,000, 20% of whom are Mohammedans and Chinese, the remainder being natives of various tribes. It is rich in minerals, especially silver. Coal and gold mines are also abundant.

In former times the Chinese people were ignorant of the conditions in border districts; they regarded Hongkong as an "isolated island" when annexed by Britain and Shanghai as a "fishing village" when leased as settlements. Look at Hongkong and Shanghai to-day! We hope that the Chinese people will not regard Pan Hung as an isolated island or a fishing village again. We should realize that Pan Hung stands in the way of Britain's "Three C Policy," and the importance of its geographical location will in future prove to be far ~~more~~ greater than that of Shanghai and Hongkong.

Special Branch Registry

File No. L 668

~~SECRET~~

SUBJECT

- ① "Anti. Air Raid Research Society"
- ② "Shanghai Municipality Air Defence Society"
- ③ "Shanghai Air Defence" monthly

See L 467 & 468 6-6-45
by [unclear]

SECRET - NOT FOR PRESS PUBLICATION

SHANGHAI MUNICIPAL POLICE

SPECIAL BRANCH

INTELLIGENCE REPORT

April 16, 1935.

Political

Movement of Notables

To Hanking

Departed at 11 p.m. April 15 :-

H. H. Kung, Minister of Finance.

Tseu Ling, Vice Minister of Finance.

Liu Vee-ta, Vice Minister of Industry.

Fu Jui-ling, member of the C.E.C. of the Kuomintang.

*\$5, please
peruse carefully
and translate
parts of special
interest.*

JH

New Life Movement - slogans displayed in Chapei buses

Enamelled plates bearing slogans in favour of the

New Life Movement were displayed in buses in Chapei on

April 15.

184

Shanghai Municipality Air Defense Research Society -
new body formed

An organization called

Under the auspices of the Shanghai City Government,

"The Shanghai Municipality Air Defense Research Society"

has been organized with an office at 175 Avenue Dubail,

French Concession, *It has* ~~and has a committee of~~ *seventeen* persons, including Mayor

Wu Te Chen, General Yang Fu, Commander of the Peace Pre-

servation Corps, General Tsai Ching Chung, Commissioner

of the Bureau of Public Safety, and others, have been

appointed as members of the Committee of the new society.

The existing organization started on April 1 to publish on April 1, a monthly magazine entitled "Shanghai

Air Defense" ~~was published by the Shanghai Municipality~~

~~Air Defense Research Society.~~ *which* The publication contains

photographs and articles dealing with air defense, and is

being distributed *gratis* among various official organs, *and* public

bodies and agencies.

The magazine is edited by ~~Research Committee~~ *of the district Defense* ~~Research Committee~~ *of Hanking, C.* A translation

*It is one of the few articles which appeared
in the first issue of the above. It may
be of interest to our office and
will be sent up in due course.*

WCT/
G. 40M-9-35

SHANGHAI MUNICIPAL POLICE No. S. B. D. 668

SHANGHAI MUNICIPAL POLICE
REG. No. REG. ST. 1

S.1, Special Branch ¹⁹ 36

REPORT

Date ~~June 10, 1936~~

Subject Air Defence Propaganda.

Made by D.I. Sih Tse-liang

Forwarded by *Sih Tse-liang*

One galvanized-iron sheet (measuring 1 foot by 6 feet) and four boards (measuring 8 feet by 12 feet) bearing propaganda in favour of air defence have been erected in the Public Recreation Ground, 200 Dah Chih Road, Nantao, by the China Aviation Society. The tablet is inscribed "Air Defence for National Salvation", while the boards bear drawings and inscriptions in Chinese as follows :-

1st board "A country without air defence has no national defence. Without national defence a country cannot exist. The only protection of a country and people from attacks by enemy aeroplanes is air defence."

2nd board "During an air attack at the present time, there is no difference between soldiers and civilians, and the only means to safeguard ones' life and property is to exert every effort to establish air defence."

3rd board A map of China, entitled "China under air attacks by the Powers", with five aeroplanes displayed as belonging to Japan, Russia, Great Britain, France and U.S.A.

4th board A drawing entitled "Air attack and air defence", depicting men being killed and wounded and houses burned during an aerial bombardment.

Sih Tse Liang

D. I.

Officer i/c Special Branch.

copy sent to 'R'
DBA

DIR
8/4

TELEPHONE : 14652/3.

REC'D 6681
11 9 35
OFFICE OF H.B.M. AIR ATTACHÉ,
217/8, SASSOON HOUSE,
SHANGHAI.

S/144/AA.

10th September, 1935.

Sir,

With reference to your letter No. D.6681 dated 6th September, 1935, I beg to thank you for the information which you so kindly supplied.

I should be very grateful if you could keep me informed of any subsequent developments.

I have the honour to be,

Sir,

Your obedient servant,

J. Johnson
Sergeant
for Group Captain,
H.B.M. AIR ATTACHE.

T. Robertson, Esquire,
Acting Deputy Commissioner,
(Special Branch),
Shanghai Police Force,
185, Fochow Road,
Shanghai.

St
10/9/35
Noted
12/9/35
H.S.

RECEIVED
R.O.S.
D. 6681
6 9 35

September 6 35.

Group Captain R.P. Willock,
Office of H.B.M. Air Attache,
217/8 Sassoon House.

Sir,

With reference to your letter S/144/AA of September 2, 1935, I forward herewith for your information a copy of a police report on the "Anti-Air Raid Research Society" (防空研究会) and the "Shanghai Municipality Air Defence Society" (上海市防空学会), and three copies of a monthly magazine entitled "Shanghai Air Defence" (上海防空).

** Enclosed +
sent 4/9
LH*

I am, Sir,

Your obedient servant,

A/Deputy Commissioner (Special Branch)

January 19, 1937.

6681

19. 1. 37

-4-

Chinese Chamber of Commerce appeals for a reduction
in licence fees of pawnshops

At the request of local pawnshop owners, the Chinese Chamber of Commerce, North Soochow Road, submitted a petition on January 18 to the Ministry of Finance requesting a reduction in licence fees of pawnshops.

Anti-Air Raid and Poison Gas Exhibition - to be opened
in Western District

An anti-air raid and poison gas exhibition, sponsored by the Western District Social Centre, and the Anti-Air Raid Society, will be opened on the premises of the Social Centre, 4200 Robison Road, on January 20. The exhibition, which will consist of model aeroplanes, pictures and photographs, will be held for a period of ten days.

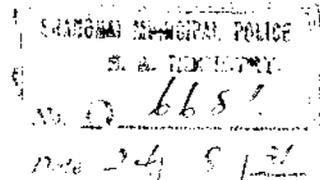
Copies of a handbill advertising the exhibition have been distributed to shops and residences in the Western Area.

Naval

Movements of Naval Vessels

The gunboat "Yung-chien" arrived at Kacchongmiao from Kiangyin at 8 a.m. January 18.

D.6681



August 24, 1936.

Citizens' Protection Group - preparatory office established

The preparatory office of a new organization entitled "Citizens' Protection Group" (市民防護團) formed for the purpose of instructing citizens in taking anti-gas precautions was established on August 23 at 200 Dah Chih Road, Mantao. The principal promoter is Li Dah Chao (李大超), Chief of the 1st Department of the Shanghai City Government.

SHANGHAI MUNICIPAL POLICE.

S.1, Special Branch

REPORT

Date Sept. 17, 1936. ⁶⁶⁸¹
77 9 36

Subject (in full)

Air Defence Propaganda - models of aerial torpedoes
exhibited in the Public Recreation Ground.

Made by D.I.

Sih Tse-liang

Forwarded by

Mr. Liong NS

In addition to the four boards bearing on air
defence propaganda erected in June, 1936, on the Public
Recreation Ground, 200 Dah Chih Road, Nantao (Vide Special
Report of 18/6/36), two models of aerial torpedoes, each 10
feet high and 4 feet in diameter, are on exhibition at the
Ground.

Chun 11/4

Sih Tse-liang

D. I.

Officer i/c Special Branch.

*FILE
112*

Copy sent to 'R'

73400

D-6682

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
No. D. 6682
June 26, 1935

Misc. 255/35.

" A "
Central

June 25, 35.

2

A summons against the Manager was applied for by S.M. Police to the S.S.D. Court and the said summons was served on Van Chuan Ling the manager of the Sin Wen Hwa Book Store by the undersigned on 18/6/35 at 11.30 a.m.

The manager appeared before Court on A.M. 20/6/35 and was fined \$10.00. 12 copies (Vol. 1) of the Tsh Chien Zuh San Yah were confiscated by Court.

Lee Yee Long
D. S. I.
Original forwarded 12/6/35.

D. S. I. Moore.

Rh
Sen. Det. i/c.

Officer H/C.
Special Branch.

D. D. O. "A"

File
MJ

26 JUNE 1935

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
File No. REGISTRY

No. S. B. D. 1682

Special Branch, 586 Station

REPORT

Date June 20, 1935

Subject Indecent literature on sale at the Sin Wen Hwa Bookstore,
No. 268 Foochow Road.

Made by [redacted] and Forwarded by D.S.I. Locre

Further to report on file dated June 11, the case against the Sin Wen Hwa Bookstore (新文化), No. 268 Foochow road, was concluded on June 20, when Vai Tsung Ling (樊春林), Manager of the bookstore, was fined \$10.00. The indecent books seized by the Police on June 11 were ordered to be confiscated.

[Signature]
D. S. I.

D. C. (Special Branch)

File
[Signature]

RECEIVED
JUN 21 1935

Copy for the information of the officer i/c Special Branch.

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

No. D 202

Division Central

Central Police Station.

Crime Register No. **857/35.**
(Misc. 256/35).

June 18th, 1935.

Diary Number 1.	(Sheet No. 1.)	Nature of Offence:	Selling indecent books.
Time at which investigation begun and concluded each day	11.30-12.50p.m. 18-6-35.	Places visited in course of investigation each day.	268 Foochow Road. Detective office.

RECORD OF INVESTIGATION.

Place or description of premises.	268 Foochow Road.
Time and date of offence.	between 1-6-35 and 11-6-35.
" " " reported.	11.30a.m. 18-6-35.
Name, occupation and address of complainant.	S. M. C.

Number of criminals with full individual description. **One summonsed:-**
Van Chuan Ling (44/11) age 50, native of Zaoshing, M/manager, residing at 43 Zai Wo Fong, Route Lafayette, F.C.

Arrests. **One summonsed by detective staff.**

Classification of property stolen. Value \$

Classification of property recovered. Value \$

In cases of Murder or Suspected Murder points (a) to (d) should be answered.
(a) Time and date body was discovered.
(b) Position, appearance and marks on body.
(c) Apparent cause of death.
(d) Motive if known.

Full Details of Method used in Committing offence
In cases of larceny, housebreaking etc., all the points (e) to (i) should be answered, if known. In all cases in which there is fraud, the false pretence and the character assumed by the suspect should be fully described.
(e) Mode of entry, including manner of approach to premises.
(f) Means used (stools etc.)
(g) Character assumed by criminal, and story told, etc.
(h) Mode of transport and description.
(i) Peculiar act (poisoning dog, partaking of food etc.)

Selling and exposing to the public indecent books "Tsi Chien Zuh San Yah" in his book-store.

\$5
JH
13 JUNE 1935

CRIME DIARY NO. 1. (SHEET NO. 2)

- (j) What staff employed on premises?
- (k) Are they all "old" servants?
- (l) If not, what was their last employment and for how long?
- (m) What was their "character"?
- (n) If any suspicion attached to any of them and if so, which one and for what reason?
- (o) Are old servants suspected?
- (p) Are friends and visitors above suspicion if not, who is suspected?

Remarks

(Any outstanding or peculiar features to be commented on by investigating officers).

The accused Van Chuan Ling as a manager of the Sin Wan Hwa Bookstore, 268 Foochow Road did publicly expose and sell indecent books entitled "Tsh Chien Zuh San Yah" in the above book store between 1-6-35 and 20-6-35.

An application for a Summons against the said manager was made to the S.S.D. Court and the Summons was served on the accused at the above address by the undersigned at 11.30 a.m. 18-6-35. The accused has been warned by Detectives to appear at Court on the morning of 20-6-35.

C.D.S. 9C will give evidence of purchasing 2 copies of these books at the above book-store on 1-6-35. At 3.30 p.m. 11-6-35 Search Warrant No. 6987 was executed by the undersigned and a party of detectives on the above book store and seized 12 copies of the "Tsh Chien Zuh San Yah" from the godown, the subject of Misc. 256/35, Central.

All the books bought and seized by detectives will be used as exhibits in Court and application is hereby made to the Court for the disposal of the same.

Lee Yee Tong
D.S.I.

~~Sen. Det. & Co.~~
Officer Y/B.
Special Branch.

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
File No.
No. S. B. 1. 1.
Special Branch S. 5. XXXXXX
Date June 11, 1935

REPORT

Subject (in full) Indecent literature on sale at the Sin Wen Hwa Bookstore -
 Execution of Search Warrant No. 6987.
 Made by and Forwarded by D.S.I. Moore.

At 2.40 p.m. June 11, the premises of the Sin Wen Hwa (新文華) Bookstore, No. 268 Poochow Road, were searched under the authority of Search Warrant No. 6987 issued on June 8, 1935, by the First Special District Court at the request of the Special Branch. 6 copies (12 volumes) of an indecent book in Chinese entitled "Tsih Chien Zuh San Yah" (七劍十三俠) (meaning Seven Swordsmen & Thirteen Heroes) were seized. The manager of the concern named Vai Tsung Ling (懷宗靈) was not present at the time of the search.

The party conducting the search consisted of :-

- D.S.I. Moore, Special Branch.
- D.P.S. Lockwood, " "
- C.D.S. 96 Dung Hai Ling, Special Branch.
- Clerk Van Tih Foo, Special Branch.
- D.S.I. Lee Yee Tong, Central Station.
- C.D.S. 179, Central Station.

Chao
 D. S. I.

D. C. (Special Branch).

\$25
 Further report please in due course.
J.H.

Shanghai First Special District Court

June 2, 1935.

Search Warrant No. 6987 issued by Judge Daien at
the request of Section 5, Special Branch, S.M.P.

S. M. P.

- v -

Sin Wen Hwa Bookstore (新文化書社),
No. 268 Meschow Road.

To search for indecent books entitled
"Tah Chien Suh San Yah" (七劍十三俠).

SHANGHAI MUNICIPAL POLICE.

Special Branch S. 5. ⁶¹⁸² ~~5282~~

REPORT

Date June 6, 1935

Subject (in full) Indecent literature on sale at the Sin Wen Hwa Bookstore,
No. 268 Foochow Road.

Made by and Forwarded by D.S.I. Moore.

Sir.
On June 5, 1935, C.D.S. 96 Dum Hai Ling purchased from the Sin Wen Hwa Bookstore (新文化書社), No. 268 Foochow Road, an indecent book in Chinese entitled "Tsi Chien Zuh San Yah" (七劍十三俠 meaning Seven Swordsmen and Thirteen Heroes). Translations of indecent parts are attached.

On June 4, 1935, the manager of the Kwang Yih Bookstore (廣益書局), No. 348 Foochow Road, was fined \$20 for selling copies of a similar book (vide File No.D.6682).

As there is a notice in the book stating that this book is published by the Sin Wen Hwa Bookstore, an application for a Search Warrant against this bookstore is forwarded herewith for favour of signature and transmission to the First Shanghai Special District Court.

*Forwarded to
S. S. D. C. 7-6-35
abb.*

D.S.I. Moore
D. S. I.

D. C. (Special Branch).

[Handwritten initials]

File No.

SHANGHAI MUNICIPAL POLICE.

S. 5, Special Branch, Station,

REPORT

Date June 4, 1935

Subject Kwang Yih Bookstore (廣益書局) fined \$20 for selling indecent literature

Made by and Forwarded by D.S.I. Moore

The case against the Kwang Yih Bookstore (廣益書局), No. 348 Foochow Road, where 380 copies (760 volumes) of an indecent book in Chinese entitled "Tsih Chien Zuh San Yeh" 七劍十三俠 (meaning 7 swordsmen and 13 heroes) were seized on May 3, 1935, was concluded at the First Special District Court on the morning of June 4 1935 when Chou Choh Ding (周菊亭), manager of the concern, was fined \$20.00.

Copies of Volume 1 of the books seized were ordered to be confiscated.

D. S. I. Moore

D. S. I.

D. O. (Special branch).

File
MB

JUN 4 1935

L. 227
604.1.35

Copy for Officer i/c of Special Branch
SHANGHAI MUNICIPAL POLICE
S. D. REGISTRY
No. S. D. **D. 6182**

CRIME DIARY.

Date 5-6-35

CRIME REGISTER No:— Disc. 198/35.

Division
Central Police Station.
June 4, 1935.

Diary Number:— 5 Final.

Nature of Offence:— 51

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

This case was completed in the S.S.D. Court on 4/6/35, when accused Tseu Choh Ding (周新亭) was fined 20.00 and 380 copies of the 1st Volume of the seized books confiscated, the remaining 380 copies of the 2nd volume being returned to accused.

This case has been made the subject of P.I.R. 781/35.

W. Logan

D.S. 265.

Sen. Det. i/c.

D. D. O. "a2

Officer i/c, Special Branch.

Copy for Officer in Special Branch.

6682

28.5.35

Misc. 198/35.

"A"
Central
May 27th,

35.

3.

Indecent Literature

As a result of a conference between Assist. M/A Mr. Tsang, and C.I. Mason, application was made to the S.S.D.Court for a Summons against Tseu Choh Ding (A 1015) manager of the book store, charging him under Art. 251 of C.C.R.C.

S.S.D.Court Summons No. C 7724 dated 24/5/35, was issued, and served by C.D.S. 287 at 9.30 a.m., 26/5/35, being left in the hands of one Sung Vee Jan (A 1015) assistant, 338 Focchow Road, in the absence of Tseu Choh Ding, the manager. The hearing is set for a.m., 30/5/35. Copy of this diary has been forwarded to Officer i/c of Special Branch.

Handwritten notes and signature

W. Logan

D.S. 265.
C.D.C. 287.

R.H.
Gen. Det. i/c.

W.H.K.

W. Logan

D. D. O. "A".

29/5/35

\$5, For attention
please.

M.H.
28 MAY 1935

Copy for Officer i/c Special Branch

No. D	6682
Date	7 15 35

Misc. 198/35.

" A "
Central
May 6, 35.

2

Indigent Literature.

Application was made on 4/5/35, to the S.S.D. Court by the S.M.C./S.M.P. for the disposal of the seized books in this case, when the Judge ordered the books to be detained in the station; pending his reading the specimen produced in Court and arriving at a decision regarding same.

Copy of this report has been forwarded to Officer i/c Special Branch.

W. Logan
D.S. 265.

Sen. Det. i/c.

D. D. O. "A"

File with S. 5
J.H.
MAY 1935

Copy for C 1/c Special Branch

6692

5 15 35

Misc. 198/35.

Central

May 3rd,

35.

51

10 a.m. - 11 a.m.

338 Foochow Road.

3-3-35.

Office.

Acting on the authority of S.S.D. Court Search Warrant No. 6677 issued by Judge Dzien at the request of Section 5, Special Branch, dated 2-3-35, a party of Police consisting of D.S.I. Golder, D.S. Logan, C.D.S. 96, C.D.S. 287 and C.D.C. 160 raided and searched the Kwong Yin Book Store, 338 Foochow Road, manager of which is one Tseu Chon Ding (周新亭) age unknown, native of Zanshing, and seized 380 copies of "Tsin Chien Zan San Yah (金劍俠)" in 760 Volumes. This book is considered to come under the heading of Indecent Literature, as reference to copy of translation of extracts, attached, forwarded to D.S. Logan by D.S.I. Golder, will show. The seized books were brought to Central Station and detained in the Station Godown. One copy will be produced in the S.S.D. Court as evidence on 4-5-35, when application for disposal of the seized books will be made by the Police. Instructions are respectfully requested as to desirability of proceeding against manager by summons. Copy of this report has been sent to Officer 1/c S.B.

*Madigan's
Results of search
for photographs*

*C.D.S.
27120*

*1935
MAY 3 1935*

*Walter
Golder
D.S.I.*

Logan

D.S. 265.

C.D.S. 287.

Sen. Det. 1/c.

File with 35

D. D. O. "A".

PM 2
6730 000-1133

1. 5791 124
H. REGISTRAR

File No.

SHANGHAI MUNICIPAL POLICE.

Special Branch S. 5. ~~Station~~ 1.

REPORT

Date. May 3, 1935.

Subject. Execution of Warrant No. 6677 issued by the First Special District Court at the instance of the Special Branch.

Made by ... and ... Forwarded by D.S.I. Golder.

At 10 a.m. May 3, 1935, the premises of the Kwang Yih (廣益) Bookstore, No. 348 Poochow Road, were searched under the authority of Warrant No. 6677 issued on May 2, 1935 by the First Special District Court at the request of the Special Branch. 330 books (760 volumes) entitled "Teh Chien Zuh San Yah" 七劍十三俠 (Seven Swordsman and Thirteen Heroes) were seized. The manager of the concern Tsien Chuen Ding (周菊亭) was not present at the time of the search.

The party conducting the search consisted of :-

- D.S.I. Golder, Special Branch.
- C.D.S. 96 Dung Hai Ling, Special Branch.
- Clerk Fang Kuo Liang, Special Branch.
- D.S. Logan, Central Station.
- C.D.C. 287, " "

Em Golder
D. S. I.

D. C. (Special Branch)

Sd/-
Further report please
in due course.

[Signature]
MAY 1935

SEARCH WARRANT, NO. 677

STATION

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

Judge. 4. 5. 35. Date.

(For Judicial Police endorsement)
Above document returned



FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai, 1935

To

Warrant to search
book store at
348 Foochow Road
for indecent books
"Tsih Chen Zuh Lan
Yoh"

S. 5.

For attention please.

D.C. (Sp. Br.)

MAY 2 1935

Shanghai First Special District Court.

May 2, 1935.

Search warrant No.6677 issued by Judge Dzien at
the request of Section 5, Special Branch, S.M.P.

S. M. P.

-V-
Kwang Yih Book Store(廣益書局),
No. 348 Foochow Road.

To search for indecent books entitled
"Tsh Chien Zuh San Yah"(《射+三雅》)

Shanghai First Special District Court.

May 2, 1935.

Search warrant No.6677 issued by Judge Dzian at
the request of Section 5, Special Branch, S.M.P.

S. A. P.

- v -

Kwang Yih Book Store (廣益書局),

No. 348 Foochow Road.

To search for indecent books entitled
"Tsih Chian Zuh San Yah" (射天侯).

SHANGHAI MUNICIPAL POLICE.

Special Branch S. B. *D. S. I.*

REPORT

Date April 20, 1935.

Subject Indecent literature on sale at the Kwang Yin Bookstore,
No. 348 Foochow Road.

Made by/ and Forwarded by D.S.I. Golder.

I submit herewith as directed by the D. C. Special Branch an application for a Search Warrant against the Kwang Yin (廣益) Bookstore, No. 348 Foochow Road, for favour of signature and transmission to the First Shanghai Special District Court.

Em Golder
D. S. I.

D. C. (Special Branch).

J.H.S.

20 APR 1935

SHANGHAI MUNICIPAL POLICE.

S. 5, Special branch Station, 6682

REPORT

Date April 27, 1935

Subject Indecent literature on sale at the Kwang Yih Bookstore,
no. 348 Foochow road

Made by _____ and _____ Forwarded by D.S.I. Golder

The attached is a translation from the Chinese of an indecent passage from a novel entitled "Tsi Chien Zuh San Ya" (meaning Seven Swordsmen and Thirteen heroes) (七劍十三俠) a copy of which was purchased by C.D.S.96 on April 18 from the Kwang Yih (廣益) Book Store, No. 348 Foochow road. Tseu Chueh Ding (周菊亭) is the manager.

Instructions from the D.C. (Special branch) are respectfully requested as to the advisability of applying for a search warrant and a summons against the manager of the book store.

Em Golder

D. S. I.

D. C. (Special Branch)

S5, Please do so. In these cases it would be advisable to have a 2nd witness to testify that the book was purchased at the store.

JMG
21 April 1935

Translation of extracts from a novel entitled "T'ai Chien Zuh San Ya" 七劍十三俠 ("Seven Swordsmen and Thirteen Heroes").

Pages 126 to 131 inclusive:

One evening after their supper, Yoeh Ngo (月娥) and the old woman Wong Ma (王媽) retired to a room. Yoeh Ngo said to the old woman, "You have often mentioned how kindly Sung San (沈三) is treating his wife. Can you tell me why you left his service?"

Wong Ma replied, "You know, it is not nice to speak of these things. Fortunately we are both females and there is nobody here to listen to us. What I have to tell you will make you laugh."

Yoeh Ngo said laughingly, "You have always many explanations to offer. Is it not a fact that he had once attempted to rape you?"

"Had he wished to debauch me," said Wong Ma, "I would have agreed gladly. His wife is as pretty as you, but is not so gay. How would he like me, an old woman of 50 years? Don't think that he is a weak scholar, but when he works at 'this thing' (? meaning sexual intercourse) he is as lively as a dragon or a tiger. When Sung San and his wife copulate, they will work at least until the '4th watch' (? between 1 a.m. and 3 a.m.), if not until daybreak. When I was in his employ, I assisted at his wedding. The bride, on 'eating meat' (? meaning defloration) on the first night, cried out like a pig being slaughtered. On the second and third nights, she also cried out, 'Pa' and 'Ma' because she could not bear it. Do you know how strong Sung San's 'thing' (? meaning the penis) is?"

Yoeh Ngo smiled and said, "You seem to have seen it yourself."

Wong Ma said, "I have not seen it. I heard very distinctly all that went on because my bed room was behind their room and my bed was close to that of the newly married couple; it was separated by only a thin partition. After several nights,

the bride acquired the taste and uttered soft and voluptuous words which were mingled with noises of 'cloud and rain' (? meaning the act of copulation), the shaking of the bed and the partition, and the tinkling of the bed curtain hooks. All this sounded like the humming of a tune to the accompaniment of musical instruments. It cannot be denied that the bride was enjoying herself and I, a woman of 50, became excited and my passion was aroused. I rolled here and there on my bed. How could I sleep? It was hard to endure and I had to clench my teeth, tightly grasp the bed cover and stand until dawn. At daybreak they finished their 'work' and I fell asleep. When I awoke, a big spot on my bed cover was wet. The same happened the following night; it continued for about a month. I could not stand it and when I heard them I had a big flow of 'lewd water' and it weakened me. I could not stand it any longer. It was on this account that I left his service."

"You are ^a very good speaker," said Yoeh Ngo. "I do not think there can be such a man on earth."

Wong Ma replied, "Madame, you are a woman of good family and therefore you can know nothing about the world. There are many kinds of men. I come of a poor family and I have tried many of them: some are good, others are bad, some are large, others are small, some are strong, others are weak, there are some who can stand the 'fight' (? meaning sexual intercourse), there are others who are impotent, there are some who are experienced and there are others who act brutally. There is a great difference between them, but Mr. Sung San with his spirit and good looks is really one out of a thousand."

Yoeh Ngo said, "I don't believe you. You say that you nearly became ill on hearing their noise. Then they must have been made of iron?"

Wong Ma clapped her hands and said, "Madame, you are young and you do not know the reason. Sexual intercourse between man and woman is a rite stipulated by Chow Kung and has been ordained by god. The harmony of 'yin' and 'yang' is not harmful; loneliness

with a rising passion is dangerous."

Yoeh Ngo said, "According to what you say, all young widows and nuns will become consumptive because they cannot stop their hearts being moved by the moonlight."

Wong Ma replied, "Shameless widows and nuns have sweet-hearts, but honest ones have a very good means which is ten times better than acquiring sweethearts and which even gives more enjoyment than men."

Yoeh Ngo asked, "What is this good means for 'this thing' (? meaning sexual intercourse)?"

Wong Ma replied, "Probably you do not know it. It comes from foreign lands and is called 'jen sze' ('human thing'). I was married when I was 30 and after a year my husband died. Up to the present, I have been a widow for 20 years and so far I have not had a paramour. I am fortunate to have this thing with which to pass the long night for a long night is truly lonesome."

Yoeh Ngo said, "I don't believe you."

Wong Ma said, "If you don't believe, I have one of these things at my niece's and I shall bring it to you tomorrow and you can try it. Then you will know I am not lying."

Yoeh Ngo blushed and said, "I don't wish to try, but I wish to see what it looks like."

Wong Ma said, "You cannot look at it, because the thing is very strange. It does not matter if you try it, but if you look at it, you will suffer from sore eyes. Therefore, when you use it, it is necessary first to put out the light and then take it out of the box."

In fact, Wong Ma was a kind of procuress and her words had aroused Yoeh Ngo's passion.

Yoeh Ngo thought: "I have always thought that all men on earth were alike. How can I know that there are so many good things to be found in them? According to the old woman, Sung's ability is ten times greater than my husband's. My husband is

often away on business; how can I pass such long and lonely nights? Now, since there is such a nice thing to be had, it will do no harm to have a try. If it proves good, I can depend on it to enjoy myself."

She then said aloud to the old woman, "How may I try this precious thing mentioned by you?"

Wong Ma replied, "A person cannot use it alone. It requires two women who must work by turns. I shall bring it here tomorrow and when night comes, I shall put out the light and take it out of the box. There are two strings attached to it. I shall tie them around my waist and the thing will lie exactly in the middle of my two thighs and is the same as a man's (? penis). If you don't mind my dirty body, I can sleep with you and acting the part of a man I can work on you. I can prove it to be ten times better than the real thing."

Yoeh Ngo believed that there really existed such a wonderful thing and thought to herself, "I have frequently heard people say that nuns often make use of a thing resembling a man's to kill their fire of passion. It is called something like 'Mr. Koh' (角先生). I think it is ~~thing~~ thing, but I do not know how good it may be. I will wait for her to bring it to me and I shall know after trying it."

Wong Ma entered Yoeh Ngo's room and said, "Madame, I have brought the 'treasure' from my daughter's place. To-night I shall accompany you."

"Do you not feel bashful?" asked Yoeh Ngo.

"We are both females," replied Wong Ma, "what is there to be ashamed of. Nowadays every woman has a sweetheart. If one does not do some gay things when one is young, it will be too late to regret when one becomes old."

Whilst talking, they had both taken off their clothing and prepared to go to bed. Wong Ma intentionally delayed her undressing and when Yoeh Ngo was in the bed she put out the light and said, "Madame, you go to bed first. I am going to fetch the thing."

Thereupon, she went to her room and said to Sung San in a low voice, "Remove your clothing. Enter the room and you will find the bed on the right. Keep your mouth close, just go up and 'work' (? meaning the act of sexual intercourse). If you are discovered, I will come in and mediate. Don't forget my meritorious work of to-day."

Sung San entered the room, undressed himself and went into the bed naked. He lifted the embroidered bed cover and held Yoeh Ngo to his breast. He found her skin ^{so} smooth, so soft and so fragrant that he could not restrain his passion. He mounted on her body and started the 'cloud and rain' (? meaning copulation).

At first, Yoeh Ngo took him for Wong Ma and said, "Old woman, despite your age your skin is still smooth."

Sung San gave no reply but continued to work hard. Yoeh Ngo felt something strange and thought to herself that it was the same as a man's. When she touched it, she felt it was a naturally produced thing and not a precious treasure brought from a foreign land.

She then asked, "Who are you? How dare you conspire with the old woman to seduce me? If you refuse to say, I shall call out and send you to court?"

Sung then knelt beside the bed and said how he had admired her beauty and how he had worked out the plan with Wong Ma. He asked for her forgiveness.

Yoeh Ngo thought to herself that as she had already been debauched and as her husband was frequently away from home, it would be nice to become acquainted with Sung.

She then said to him, "As my body has been despoiled by you, it is now for you not to change your mind and reveal the affairs to others."

Sung San swore that he would never forget her.

The two then again "climbed the Woo Mountain" (? meaning sexual intercourse) and it was not until the cock crew that the "rain" stopped and "cloud" dispersed (? meaning the end of the sexual intercourse).

From this date, Sung San was every day at Yoeh Ngo's home; he had become her lover. They lived together like man and woman. Sung San bought Jiu Zuh Kiu's "spring" pictures (? meaning indecent pictures) and they started the "rain and cloud" according to the pictures.

One day Yoeh Ngo recalled certain words of Wong Ma and said to Sung San, "Wong Ma said that you were very experienced. I think you are not so good as before."

Sung San knew that Wong Ma had lied and in order to please Yoeh Ngo he bought aphrodisiacs and a set of 10 voluptuous instruments, packed in a wooden box. Some of these instruments were hard, some were soft and some were made of silver. One of them could be put on the penis and when "working" (? meaning sexual intercourse) one could stand a long time without discharging. It was called the "Zu Yee Dai" ("Bag of Will").....

D-6689

D-6687

Form No. 1
G. 25,000-1-32

C.K.Y.
SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. RECEIPT

C.S.6, Special Branch, 6687

REPORT

Date 10 July 9, 1935

Subject (in full) World Council of Youth Pacific Area Council.

Made by and Forwarded by D.S. Sansom.

I forward herewith a summarized account of certain arrangements of the World Council of Youth Pacific Area Council to hold a students' conference in Manila, after visiting Shanghai and other places in the Far East. These arrangements have since been cancelled, apparently due to lack of support.

Delegates of the Council, bent on studying and solving problems of the world, which adults have proved incompetent to handle, were scheduled to arrive in Shanghai on July 21 and 22, 1935, where they would meet Chinese students and "Leaders Group Divisions."

According to the itinerary embodied in the attached pamphlets, the American contingent was due to leave San Francisco on June 14, 1935 aboard the "Hikawa Maru," en route to Canada, Japan and Korea. This contingent would link up with delegates from each country visited, and would proceed through Manchuria to Peiping, Nanking and Shanghai, finally departing for Manila via Hongkong, where a Pacific Area Students' Conference was scheduled to take place between July 30 and August 6, 1935. Delegates were to travel at their own expense.

As far as can be ascertained the said Council has no representative in Shanghai, although several communications on the subject have been addressed to Miss Stella Myers, c/o Shanghai Times, from Japanese sources.

Whether the "adults" who have proved incompetent to solve world problems may be taken to mean American and European nations is a matter of conjecture.

A. Sansom.

D. S.

D. C. (Special Branch).

Reg. Usual authorities informed Please file. JMG JULY 1935

FM. 1

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

Shanghai, July 8, 1935.
To D. S. Lanson

Attached herewith are
two pamphlets dealing
with the "World Council
of Youth." You might
put in a report
on the subject &
forward the pamphlets.

[Signature]

FM. 1

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

Shanghai, May 1, 1935.
To Deputy Commissioner, Special Bch.

Sir,

Ref. attached

I suggest that a letter be
written to the Secretary of the
W.C.O.Y. requesting more detailed
information. One of the staff
could write as a prospective
applicant for membership.

Letter sent to W.C.O.Y. on 2/11/35. [Signature]

S. J. [Signature]

Please act as
you suggest. Tell Mr Howard
that we have no information
at present, but...

PATRONS • • COMMITTEE
 WORLD COUNCIL OF YOUTH
 PACIFIC AREA COUNCIL

PAN PACIFIC UNION
 ORIENT INSTITUTE OF EDUCATION
 TOYOHIRO KAGAWA
 ALLAN A. HUNTER
 ALEXANDER HOME FORD
 GEORGE K. T. WU, *Dean Anglo-Chinese College, Foochow*
 P. K. CHU, *Executive Secretary, World's Chinese Student's Federation*
 KAJU NAKAMURA, *President Oriental Culture Summer College*
 J. S. TOW, *Executive Secretary, China Institute of International Relations*
 FRANK MURPHY, *Governor General, Philippine Islands*

MANNAY LAL TANDON	India
KAPILRAY PARECHK	India
BARRY SHENG	China
ROBERT W. T. LEE	China
MURIEL SWAIN	Australia
GEORGE I. KWON	Korea
EDWARD JOHNSTON	U. S. A.
RUBY N. LAKE	U. S. A.
JAMES DOO	Hawaii
KUM PUI LAI	Hawaii
PABLO DARIO	Philippines
DOROTEO VITE	Philippines
SHIGEYOSHI SAKABE	Japan

OFFICE OF THE PACIFIC AREA COUNCIL
Orient Office Herbert C. Wilson
 1985 Kanimeguro Nichome Meguroku, Tokyo, Japan
 Delegation office for Asia

OFFICE OF THE WORLD COUNCIL OF YOUTH
Chairman Ray Avolon Cromley
 1411 East Ninth St., Long Beach, California, U. S. A.

DELEGATIONS FOR OCEANIA
 8 Raftlan St., Mosman, Sydney, Australia
Chairman Muriel Swain

DELEGATIONS CHAIRMAN
 10888 Ashton, West Los Angeles, California, U. S. A.
Chairman Edward R. Johnston

WORLD COUNCIL OF YOUTH

PACIFIC AREA COUNCIL

BAGUIO, THE PHILIPPINES
 JULY 30 - AUGUST 6, 1935

World Council of Youth
 Pacific Area Council

P U R P O S E

The problems of the World are not solved
by adults

They are solved by youth

Because tomorrow when we are the adults in power
we shall be guided by the
facts and prejudices
the understandings and the misunderstandings
and the personalities

that we acquire today

The results of the international conferences of
adults
have already been decided
by the conferences they attended
when they were young.

If we as Youth do not make our conferences
real
then our governments of tomorrow
must fail
because we shall not have learned to deal
with the problems before us

And so the purpose of this conference is that
we shall study the problems which we face
and through the facing of those problems—
take the first step

We shall not succeed
but as did Galileo when he dropped the balls
from the leaning tower of Pisa
we shall open up a new experimental attitude
toward the relations between men.

R O U N D T A B L E S

Problems of Race, Sociology and Religion

Cultural Adjustments
Second Generation Problems
Place of Religion in the World Today
Crime and Punishment
The Family

Problems of Civic, Political and Economic Affairs

Community Conflicts
Problems of Political Adjustment
Economic Problems Behind Political Relations
The worker and his job

Problems of Education and Student Exchange

Educational Experiments
Student Exchange and Travel
Youth Movements, Youth Hostels
Conferencing

Debate Tournament

P R O G R A M

Morning - Round Tables
Afternoon - Free
Evening - Recreation

Recreation will stress the informal, and will include
folk games of the Pacific Countries, plays and music
from the various groups—participated in by the dele-
gates.

SHANGHAI MUNICIPAL POLICE.

File No. S. B. 210

S. 2, Special Branch, Station 6687

REPORT

Date May 1, 1935

Subject World Council of Youth.

Made by D.S. Sansom. Forwarded by B.B. Gurnett

With reference to the attached communication of April 29, 1935 from the North-China Daily News, enclosing a letter from the World Council of Youth and requesting information concerning this organization, I have to state that, according to the local United States Consular Authorities, the movement is of recent origin, having been founded in the United States by a group of literary writers including Anne Mott-Smith. Little notice has been taken of the group, whose activities are of an idealistic character and considered to be harmless. There is no evidence to indicate that the movement has taken root outside of United States territory.

D. Sansom.

D. S.

D. C. (Special Branch).

THE NORTH-CHINA DAILY NEWS
THE NORTH-CHINA HERALD (WEEKLY)

ESTABLISHED 1850
POSTAL ADDRESS: P.O. Box 707, SHANGHAI
TELEGRAMS: HERALD SHANGHAI

EDITOR'S OFFICE

SHANGHAI MUNICIPAL...
S. B. ZEC...
6687
SHANGHAI, CHINA

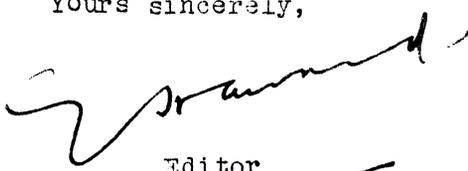
29th April, 1935

T. P. Givens, Esqre.,
Office of Deputy Commissioners of Police,
Administration Building

Dear Mr. Givens,

I attach a communication I have received from the World
Council of Youth. Do you know anything about the movement?

Yours sincerely,



Editor

*To record in 2/18 Reg.
1666*

*\$2, For inquiry and
report please.*

Me
29 APR. 1935

D. Sansom
30/4/35

WORLD COUNCIL OF YOUTH

Office of the Chairman

RAY AVOLON CROMLEY
1411 East Ninth Street
Long Beach, California
United States of America

April 7, 1935

*Robert
W. Howard*

Editor
North China Daily News
Shanghai, China

Dear Sir:

The World Council of Youth announces in 1935 for August, the first week, a PACIFIC AREA STUDENT CONFERENCE to be held in Baguio, the Philippine Islands.

Delegates of all races, backgrounds, nationalities, creeds, and beliefs are invited from the countries of the Pacific to confer on the problems which face the world today.

You will agree that it is essential that we, as young people, begin now to confer on problems which we must face as responsible members of our respective communities and nations.

This preliminary announcement will be followed at frequent intervals by more detailed information.

Because the World Council of Youth is very interested in these fields and in youth, we ask that you have a part in these preparations.

Sincerely,

Anne Mott-Smith

Hawaii Secretary WCOY

BAC/ams

CONFIDENTIAL
SECRET

D 6689

Date 25 5 35

May 24 35.

Sir,

I have the honour to refer to your letter
No.1499 of April 29,1935, and to forward herewith a
copy of a Police report regarding Mrs. S. D. Vasilevskaia
nee Di Silla. ^x

*x Enclosed 2/5
608*

I have the honour to be,

Sir,

Your obedient servant,



Deputy Commissioner (Special Branch).

J. Van den Berg, Esq.,

Netherlands Consulate-General.

FM 2
C 40,000 1.35

SHANGHAI MUNICIPAL POLICE

S. B. REGISTRY.

File No. 6687

SHANGHAI MUNICIPAL POLICE.

No. D

S. 2, Special Branch, Station 35

REPORT

Date May 23, 1935.

Subject Communication dated April 28, 1935 from the Netherlands

Consulate-General re. Mrs. S.D. Vasilevskaia nee Di Silia.

Made by D.S. Tchekonschansky. Forwarded by B. B. Gurnat, D.S.

Enquiries show that Mrs. Sophia Dimitrievna Vasilevskaia nee Di Silia is a Soviet citizen of Russian origin, who was born on June 13, 1885, at Odessa, Herson Province, South Russia. She is a dentist by occupation and recently arrived from Harbin, where she resided with her husband, an ex-employee of the Chinese Eastern Railway. Her daughter, Mrs. Maria de Sellheim nee Vasilevskaia is German citizen by marriage and was formerly connected with the Fokin's Ballet Company, which visited Netherlands Indies in 1934. Mrs. S.D. Vasilevsky is not known locally, and there is nothing in Municipal Police records to her detriment. She resides at No. 1173 Bubbling Well Road, Apt. 32, House 7.

Tchekonschansky
D. S.

D. C. (Special Branch).

Mr Yao, Please send copy of report to Mr Van der Berg.

J.H.

24 MAY 1935

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.
TEL. AD. HOLLANDIA.

COMMUNIST

SHANGHAI MUNICIPAL POLICE
C. B. ZHOU TRY.

No. 1499.

SHANGHAI, 29 April 1935.

Sir,

No previous record in Shanghai.

I have the honour to inform you that on the 26th of April 1935 I received an application for a visé for admission into the Netherlands Indies from Mrs. Sophia Dimitrievna VASILEVSKAIA née DI SILLA who stated the following particulars concerning herself: profession: a dental surgeon; born: at Hersolskaia (Odessa) on 13 June 1885; address: 1173 Bubbling Well Road, Apt. 32, house No. 7; nationality: soviet citizen; passport: USSR-passport issued at Harbin on 19 September 1925, No. 6407, extended for the last time on 2 April 1935 and made valid till 24 December 1935, bearing a visé for entry into Russia issued in 1926, but not made use of; arrival at Shanghai: on or about 25 April 1935; last address: Tzerkovny per N. 4, Officerskaya street, Pristan, Harbin, where husband, employé of the Chinese Eastern Railway is still living; purpose of visit: meet her daughter Maria, who formed part of the troupe of Fokien, obtained a visé on her soviet-passport in Manilla, about November 1934, and after arrival in the Netherlands Indies married on 10 March 1935 the German citizen Cyril A. R. de Sellheim, employé of the United States Rubber Company Ltd., address 41 Madioenweg, Batavia.

This person was introduced to me by MR. W. D. Meredith, an American citizen, at whose place she appears to be staying and who stated to be connected with the Bakerite Co. He also acted as her interpreter as she only spoke Russian.

She appears to have arrived in company of her son, who also possessed a USSR-passport No. 15897.

I should be much obliged to you if you could let me know whether anything is known against the applicant from a political or moral point of view.

T. P. Givens, Esquire,
Deputy Commissioner, Special Branch,
Shanghai Municipal Police,

SHANGHAI.

I
S2, For inquiry and
report please.
D. Tcheremshansky JMG
30 APR 1935

I may add that I am equally writing to the Netherlands
Consul at Harbin and to the Immigration authorities at Batavia.
So far all applications from soviet citizens have been refused
by this Consulate General.

I have the honour to be,

Sir,

Your obedient servant,



Chinese Secretary.

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.

No. 1856.

SHANGHAI MUNICIPAL POLICE

S. B. RIGBY

D. 6689

SHANGHAI. 27 May 1935.

Sir,

I wish to acknowledge the receipt
of your letter No. D. 6689 dated the
24th instant regarding Mrs. S. D. Vasile-
vskaja née Di Silla and to thank you
for the information contained therein.

I have the honour to be,
Sir,
Your obedient servant,

Wankus
Chinese Secretary.

T. P. Givens, Esquire,
Deputy Commissioner, Special Branch,
Shanghai Municipal Police,

SHANGHAI.

File
File
29 MAY 1935

D-6693

D-6695

D-6696

See S.B. 137

F. 201 A
G 3000-1-35

SHANGHAI MUNICIPAL POLICE

CROSS-REFERENCE SLIP

Special Branch OFFICE

FILE NO. *D. 6704A*

SUBJECT:

*Plot to liberate Walden from prison
in Hankow*

PARTICULARS	OFFICE	FILE NO.
<i>See Special Box No. 17 B</i>		
INSTRUCTIONS SEE OVER		

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.

No. 1815.

SHANGHAI MUNICIPAL POLICE
RECORDS

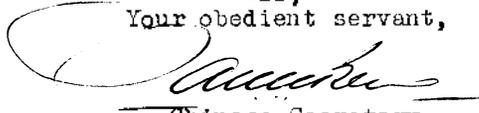
6693

SHANGHAI, 24 May 1935

Sir,

I wish to acknowledge the receipt
of your letter No.D.6693 dated the 21st
instant regarding the Party Griaznoff
and to thank you for the information con-
tained therein.

I have the honour to be,
Sir,
Your obedient servant,


Chinese Secretary.

T.F. Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,
SHANGHAI.

File
JMG
1935

SHANGHAI CONSULAR POLICE
S. B. REGISTRY.
No. D 6693
Date 21 5 35

May 21 35.

Sir,

I have the honour to acknowledge receipt of your No.1521 dated April 29, 1935, regarding ^{SEVEN} ~~five~~ applicants for visa for admission into The Netherlands Indies, and to forward herewith a copy of a police report containing the antecedents and other particulars of these applicants.

Enclosed 7/3

I have the honour to be,

Sir,

Your obedient servant,



Deputy Commissioner(Special Branch)

J. Van den Berg, Esq.,
Netherlands Consulate-General,
Shanghai.

SHANGHAI MUNICIPAL POLICE.

File No. 35

S. 2, Special Branch, ~~Shanghai~~

REPORT

Date May 20, 1935.

Subject: Communication dated April 29, 1935, from the Netherlands
Consulate-General re: Russian Ballet Dancers.

Made by D.S. Tcherepanovskiy. Forwarded by *R. B. Lester, Jr.*

Enquiries regarding the individuals mentioned in the attached communication from the Netherlands Consulate-General dated April 29, 1935 elicit the following information:-

1. Nicolay Alexandrovitch Griaznoff (stage name Svetlanov), Soviet citizen, born on December 13, 1907, at Leningrad. He was educated in the Middle School at Leningrad and Kiev and also studied in the Ballet Studio at the latter city. In 1928 he arrived in Harbin from Vladivostok together with his step mother, Mrs. Griaznoff, who also is his stage partner. In Harbin he was employed until 1932 in various theatres, cabarets and restaurants. During this period he also made three artistic tours in Japan. In 1932 Griaznoff arrived in Shanghai and worked in the same capacity at Tkachenko's Cafe, Astor House etc. In 1934, together the Fokin's Ballet Company, he left for Manila, from which city he proceeded to Java, Netherlands India, where he remained for 6 months. He returned to Shanghai about 7 months ago and at present is employed at the Paris Theatre, Avenue Joffre. He resides at No. 117 Route Vallon.

2. Mrs. Alexandra Griaznoff, Soviet citizen, born on December 1894 at Kiev. She is a professional ballet dancer. Her husband, Mr. A. Griaznoff, is an employee of the Chinese Eastern Railway at Harbin. She arrived in Harbin from Vladivostok in 1928 together with her step son, and stage partner N.A. Griaznoff and later accompanied him in his artistic tours to Japan, Manila and Java. She resides at No. 413 Rue Cardinal Mercier.

Both N.A. Griaznoff and Mrs. A. Griaznoff, although Soviet citizens, are not known to be connected with any political activities.

14
20 0001 35

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

..... Station,

- 2 -

Date.....19

Subject.....

Made by..... Forwarded by.....

3. Mrs. Ludmila Constantinovna Nikitina, Russian Emigrant, born on July 25, 1908 at Verkhneudinsk, Transbaikal Province. She arrived in Harbin as a child and was educated in a Commercial School and subsequently at Trutovsky and Eliroff's Ballet Studio in that city. Later she was employed in various cabarets and restaurants at Harbin for some time, after which she left for Shanghai with a ballet dancers' company. She worked here at Tkachenko's Cafe etc. until 1934 when she left for Manila and Java with Fokin's Ballet Company. About 7 months ago she returned to Shanghai and has since been working locally in her professional capacity. She is reported to be the paramour of N.A. Griznoff, and at present resides at No. 117 Route Vallon.

4. Mrs. Helena Fedorovna Kondireff, nee Wiedeman, Russian of Esthonian origin and British subject by marriage, wa born on December 3, 1911 at Vladivostok. In 1919 or 1920 she left Vladivostok for Reval, Esthonia, together with her parents. She was educated in the Russian Middle School in Reval and subsequently attended a Ballet School in that city. Later she worked as a ballet dancer in various towns in Esthonia and Finland. In 1929 she left for Paris where she attended Klustin's Ballet School. In 1930 Mrs. Kondireff-Wiedeman went to Egypt, where she performed as a ballet dancer at Alexandria and Port Said for a few months, after which she went to Greece. In 1931 she proceeded to Australia to her mother, who resided with her second husband in Brisbain, Queensland. In Australia Kondireff-Wiedeman worked in her professional capacity in various towns. In 1932 she married one Peter John Kondireff, a naturalized British subject of Russian origin, who formerly was

SHANGHAI MUNICIPAL POLICE.

File No.

Station,

REPORT

Date.....19

Subject

Made by.....Forwarded by.....

an officer in the "White" Russian Army in Siberia. On December 25, 1934 Mrs. Kondireff together with her husband arrived at Shanghai and has since been working as a ballet dancer at the French Club, etc. She resides at 12 Harmony Terrace, No. 925 Avenue Joffre.

5. Miss Anna Reuter is Russian Emigrant of Jewish origin, who was born on March 2, 1912 at Harbin. She arrived in Shanghai in 1910 together with her mother, brother and sisters. She was educated in St. Joseph Convent in Shanghai, after which she was employed for about 5 years with R.F.Pirard, No. 22 Nanking Road, as a typist and stenographer. Since 1934 she has been employed with Paul E. Sammann & Co., No. 33 Szechuen Road. Miss Reuter has been a pupil of the Svetlanova's Ballet Studio for the past several years. She appeared on the stage during the performances of the studio in question at various charity functions. She resides with her mother at No. 321 Rue Cardinal Mercier.

6. Vera Nikolayvna Sinizina, Russian emigrant, born on November 23, 1913 at Moscow. She arrived at Harbin in 1918 together with her parents. She was educated in Harbin Normal School and later was employed with various ballet companies in that city and appeared in cabarets, restaurants, etc. About three years ago she visited Japan with Yanover & Ratushenko's Ballet Company. In 1934 she arrived in Shanghai and since that time has not been working on the stage. It is reported that for the past few years she has been cohabiting with one W.R. Marchman, an employee of the National City Bank. She resides at No. 1182 Avenue Road, flat 21.

7. Miss Regina Brovnia alias Brunin, Latvian, born on

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date.....19

- 4 -

Subject.....

Made by..... Forwarded by.....

June 19, 1919 at Vladivostok. She is registered with the local Consulate for Finland, which is in charge of Latvian interests. However, she is not in possession of a Latvian Passport at present, as her mother failed to re-register in due time as a Latvian citizen. Her father, who served in the ranks of a Latvian Rifle Regiment in Russia, has been missing since 1919. Later she arrived together with her mother in Shanghai where she received domestic education and subsequently studied in the Ballet Studios of Toropoff and Sokolsky. K. Brownin occasionally appeared on the stage at various places locally. She resides with her mother and relatives at House 8, Passage 79, Route Vallon. It is reported that she is ill at present, and has abandoned her plan of proceeding to the Netherlands India with N. Griaznoff's Ballet Company.

There is nothing in Municipal Police records to the detriment of any of the persons mentioned above, or are they known to have any political leanings.

G. Icherevshansky
D. S.

D. C. (Special Branch).

Mr Yoo, Please send copy with covering note to Mr Vanderbag.

MG 20 MAY 1920

No. 1521.

SHANGHAI, 29 April 1935.

Sir,

I have the honour to inform you that I received applications to-day for visa for admission into The Netherlands Indies from the following persons.

1. Nikolas GRIAZNOFF, a dancer, born at Leningrad, 13 December 1907, residing at 117 Rte Vallon, a Soviet citizen, holder of a U.S.S.R. passport issued at Vladivostok on 13 January 1926, No. 109579/762101, extended for the last time at Shanghai on 6 June 1934 and valid until 24 July 1935.
2. Alexandrine GRIAZNOFF, a dancer, born at Kiev, 8 December 1894, residing at 413 Rue Card. Mercier, a Soviet citizen, holder of a similar passport No. 109556/762077 and extended locally on the same date.
3. Mrs. Ludmilla Constantinovna NIKITINA, a dancer, born at Verkhnendinsk on 25 July 1908, residing at 117 Rte Vallon, holder of a Chinese passport No. 8879 issued by the local Bureau of Public Safety on 15 December 1933, which has expired.
4. Mrs. Helen KONDIREFF née Wiedeman, a dancer, born at Vladivostok, 3 December 1911, residing at 12 Harmony Terrace, a British subject by marriage, wife of Peter John Kondireff, a British subject by naturalisation (Imperial Certificate No. A A 8294, issued at Canberra on 7 June 1932), holder of a passport issued by the local British Consulate General on 23 April 1935.
5. ^{Anna} Miss ~~Alexandra~~ A. REUTER, a stenographer-dancer born at Harbin on 2 March 1912, residing at 674 Rue Lafayette, holder of a registration certificate, No. 2662, issued by the local Bureau of Public Safety on 28 August 1934.

6.

T. P. Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,

SHANGHAI.

6. Miss Vera Nikolaevna SINIZINA, a dancer, born at Moscow on 25 November 1913, residing at 1182 Avenue Road (?), holder of a similar registration certificate, No.15238, dated 4 October 1934.
7. Miss Regina BROVNING, a dancer, ~~about whom no further particulars were given.~~ *(From Vladivostok 6/6/34, Librian cert. of nat. natality issued by local Finnish Cons. Gen. 4, 4 30, containing the name 19, large 8)*

Mr. GRIAZNOFF was introduced to me by a certain Mr. GLAZIER, who interpreted for him.

Later I received a visit from Mr. Hal P. Mills, manager of the Consolidated Amusement Co., 111 Astor House Hotel, who stated that the above persons were engaged by him for the Club Chanteclaire at Soerabaia.

I should be much obliged if you could let me know whether there is anything against the above persons from a political or moral point of view.

I have the honour to be,

Sir,

Your obedient servant,

W. A. ...
CHINESE Secretary.

*\$2, For attention
please.*

W. A. ...
MAY 1935

D. S. Prokofiev
2/5/35

40,000.1.96

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
File No. S. B. REGISTRY.
No. D 6078
Date 2nd April 1936

REPORT

Date May 10, 1936

Subject K.A. ALFONSI.

Made by S.I. Prokofiev.

Forwarded by P.P. Louvet 57

At reference to the attached memo of the D.C. (Special Branch) dated May 2, 1935, on the subject of one Alfonso, who professes to be able to furnish secret and valuable political information, enquiries show that this individual is, in all probability, identical with M.A. Alfonsi, French of Corsican origin, ex-tective of the French Police, Shanghai.

He resigned from the French Police in 1922 after about fifteen years of service and left for France. It is reported that at that time he had the reputation of being a rich person. However, after two years of residence in France he returned to Shanghai almost penniless and made an unsuccessful attempt to re-join the French Police. *P. After a period during which he made his living by acting as souteneur for two French prostitutes, he obtained Police in his return to Shanghai he is reported to have been working for the late French lawyer Du Pac de Marsoulles for some time and also to have been engaged in various enterprises of a doubtful character.* In 1930 he left for Indo-China where he was subsequently arrested and sentenced to a term of imprisonment for arms smuggling. Having served his term of imprisonment he returned to Shanghai and has since been residing in this city. He is known to the Municipal Police as suspected arms and narcotics smuggler. In April 1935 he was under the surveillance of the French Police on suspicion of being engaged in gambling activities.

Alfonsi is about 60 years of age. He is reported to be a fluent speaker of Chinese and to have a large circle of acquaintances among Chinese.

At present he resides in a room above a cheap Chinese restaurant at No 334 Rue Bourgeat.

G. Prokofiev
D.S.I.

Req. 2 copies for the "A" and I. already sent. JPH

20 MAY 1936 D.C. (Special Branch)

SHANGHAI MUNICIPAL POLICE
C. S. REGISTRY.
No. D. 167
Date

FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL,

To S. 2 Shanghai, May 2nd 1935.

Please let me know the present address and activities of a man in Shanghai named Alfonsi who professes to be able to furnish secret and valuable political information. What are his antecedents?
J.P.G.

no. 7200
to information

D.S.G. Prohospis 10/15/35

Extract from File I.O.7566 - Chinese Detective
School, Chin Kee Road, Zee Ka Wei.

Det. Supt. Conduit's report of 31.12.28.

The Shanghai Woosung Constabulary Detectives School is the first of its kind in China and was founded by the ex-Defence Commissioner General Chen Ta Chien, about 6 months ago.

Ex-Chief Detective Alphonso, French Police, was one of the instructors, and taught the Finger Print System and French. English was also taught.

FM 3
40,000-1.35

SHANGHAI MUNICIPAL POLICE.

File No. D 6276

Confidential S. 2, Special Branch, Explosives

REPORT

Date. May 7, 1935.

Subject. Maurice (Morris) Bro.

Made by D.S. Sansom.

Forwarded by B. B. Guerst. S.

Maurice Bro, Russian Jew, age 26/7, residing at Passage No. 9, House No. 7, Route de Grouchy, was born and educated in Shanghai. He speaks English and Russian with equal facility, besides having a smattering of French. Invariably he poses as a Briton.

He recently established a business at No. 650 Szechuen Road, known as the Rae Trading Company. In this connexion he brought himself prominently to public notice at the beginning of this year when he claimed to have invented a perpetual motion machine which he named "R.A.E." Particulars of the machine together with a photograph of the inventor were published in the Shanghai Evening Post & Mercury on February 1, 1935, a copy of which is attached hereto. Whether the machine is capable of perpetual motion of its own accord is a matter seriously contested by interested parties. At least two individuals or concerns have requested a demonstration, but in each instance, although commercial agreements were drafted to permit of a demonstration under conditions which would guarantee the inventor any rights he may claim, he finally failed to respond. Various statements of substantial offers for the discovery have been circulated by Bro. Another story circulated by him in connexion with his invention is to the effect that his person is protected at night by a Chinese bodyguard. Bro is a nephew of J. Benavitch, bullion broker, who from time to time assists him financially.

During 1925/6 Bro was employed with Pathe Orient, Ltd. at the firm's factory No. 1109 Route de Zikawei. He was discharged on account of a number of thefts occurring in the factory. These thefts could not be directly attributed to

SHANGHAI MUNICIPAL POLICE.

File No.

Station,

REPORT

Date. 19

- 2 -

Subject.....

Made by..... Forwarded by.....

him, but the situation improved after he had been discharged. At about this period he is said to have brought his parents into disrepute and to have since been disowned by them.

In September, 1932, he was employed with Clarke's Inquiry Agency. In this capacity he undertook one inquiry only, during the course of which he attempted to double-cross his employer, much to the latter's embarrassment. His dismissal in October, 1932, was expedited by the theft of two pistols from Mr. Clarke's office. Bro was strongly suspected of a part in the theft, but no proof was forthcoming.

* See also
No. 9

Some time later in Canton he came to blows with the notorious criminal, Albert Rosenbaum. The pair met again in the Del Monte Cabaret, Shanghai, and another fight occurred. The real cause of the enmity is believed to centre around duplicity on the part of one of them in connexion with some under-handed affair. On March 9, 1935, Bro spoke with glee in spreading information of Rosenbaum's arrest in Paris on a charge of dealing in narcotics.

Towards the latter end of 1934 Bro claimed to have ingratiated himself with the local American Consular Authorities, and that he could, in return for a practical consideration, facilitate aliens' entry into the United States.

Quite recently he has claimed to be on good terms with S.M.P. Headquarters and to have connexions with the French Police also. The purpose of such claims is unknown.

File

A Sanson

MAY 9 1935

D. S.

D. C. (Special Branch).

FORM NO. 2
25.0021/35

Confidential

SHANGHAI MUNICIPAL POLICE.

File No. 6696

Section 2, Special Br. ~~XXXXX~~
REPORT Date May 16, 1935.

Subject Armed Robbery at Messrs. Sennet Freres Jewellery Shop on May 15, 1935.

Made by D.S. Sansom Forwarded by *W.D. Guent* D.S.

In connection with the armed robbery carried out by three foreigners at Messrs. Sennet Freres Jewellery Shop on May 15, I respectfully suggest that a likely suspect in the case is Maurice (Morris) Bro, a Russian-Jew. Besides being suspected of complicity in the theft of two pistols during 1932 this individual has developed strong criminal tendencies.

A report on his antecedents was submitted on May 7, 1935.

A Sansom

D. S.

COMMUNAL

Deputy Commissioner (Special Branch)

Ag. C.P.

D.C. (Crime)

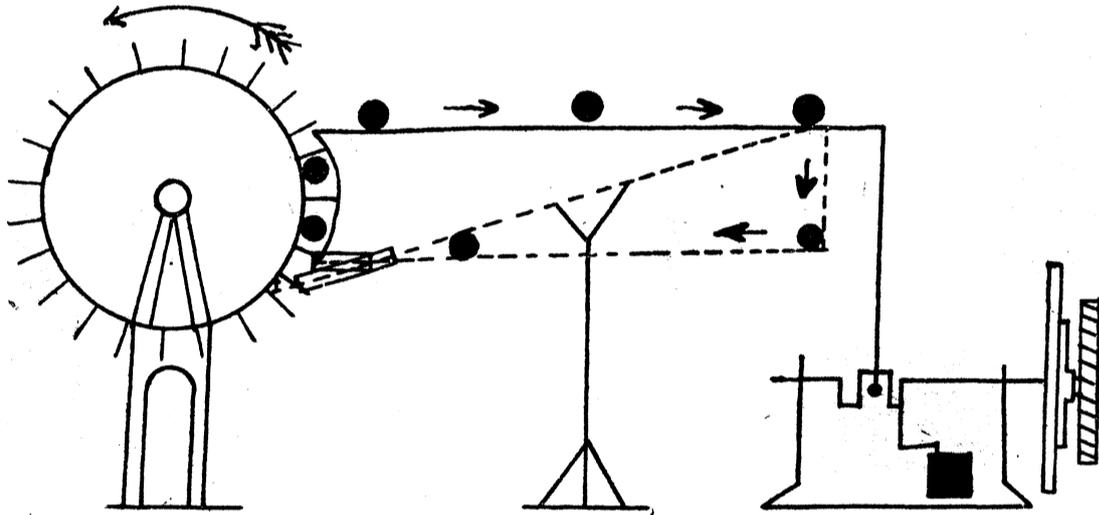
Information. The name "Sennet Freres" is recorded in the small diary found on the "Unknown Bed".



W.D.

MAY 16 1935

Another Solution To Riddle Of Perpetual Motion Claimed; Shanghai Inventor Enthusing Over Device; Boasts 51 Days Self Operation



Maurice Bro is what Mr. Maurice Bro, local inventor, calls R.A.E., a machine which, once started, is supposed to "do its stuff" until natural disintegration—another stab at the problem of perpetual motion. Patent has been applied for to the United States Government and it is expected to be in the hands of the inventor

soon. "After working off and on for a period of two years I have at last discovered a certain mechanical device which I call R.A.E. and which works absolutely of its own accord with no fuel of any kind, magnet or heating," Mr. Bro modestly states. "It works by a combination of weights and is able to produce unlimited power of its own accord. And it needs no overseer or anyone to look after it."

Meanwhile, like many another inventor, he finds "they're after me," meaning prospective promoters and outright buyers

He is a bit cagey about divulging the details of the mechanism saying that he lost a previous invention for a braking device on automobiles. However, with the patent almost in his pocket, he is getting ready to open an office and display room and meet all humorists and skeptics.

The above illustration is supposed to show how the weight of the balls, which can be as much as 10-pounds, act as a leverage to turn the wheel, simply by falling onto a teeter-totter. It's said to be running alone on its fifty-first day today. The whole is enclosed.

SHANGHAI MUNICIPAL POLICE	
G. B. REGISTRY.	
No. <u>D</u>	<u>6696</u>
Date <u>2</u>	<u>5</u> 19 <u>35</u>

FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL,

To S 2, Shanghai, May 2nd 1935

Please let me know the antecedents, present address and activities of a man called Bro who professes to be able to furnish secret and valuable political information. Bro used to work for the Clarke Enquiry Agency.

S. Sanson
W. H. 2/5/35

6396
23-10-36

*Confidential
Drawer*

Two Russians Sentenced For Watch Theft

Convicted To Taking Japanese Woman's Timepieces

A Russian Jewish boy of 19, Bernhard Miller, and Morris Bro, 10 years his senior, and of the same nationality, stood in the prisoners' dock at the First Special District Court yesterday morning and tried to explain how it happened that they came into possession of two wrist watches which were the property of Mrs. Kazuwara, Japanese.

They were charged with stealing the watches. This, they denied, although they admitted that they did take them to a pawnshop. Both were sentenced to 80 days in jail.

Miller, who is the son of a stoutish, elderly woman who tries to make a living selling photographs of motion picture stars and second hand magazines on Rue Chu Pao San and streets tributary to "Bicod Alley," attempted to take most of the blame on his own shoulders.

According to the prosecution, the two accused men made a tour of the Hongkew district on October 8 in the company of a British sailor. They visited several beer halls, the sailor paying the bill. They eventually came to a Japanese massage establishment at House 8, Lane 93 Boone Road. They entered the place as customers, it appears, but didn't buy anything.

The two accused went to an upstairs room with the complainant and another Japanese woman. The two women were called back downstairs to wait on other customers and the two men were left alone in the place, at least, for a few minutes.

At any rate, after the pair had departed and the sailor had also gone his way, the complainant discovered two wrist watches she kept in a dressing table drawer in the room upstairs were missing. She notified the police.

Police search of pawnshops produced the two watches a few days ago and Wednesday, the two boys were brought to the Hongkew Police Station for questioning and identification. The pawnshop owner identified them and they were accordingly locked up.

Bro told the court yesterday that Miller had given him the watches to pawn and that he didn't know they were stolen. Miller admitted this but added that the watches had been given to him by a friend. He couldn't name the friend, however.

Since both men had been in the room the day the watches were stolen, the court ruled that Bro must have had guilty knowledge of the theft and handed out equal sentences.

D-6698

D-6699

D-6700

D-6702

D-6703

10000-1-25

SHANGHAI MUNICIPAL POLICE
S. B. REC'D
File No. D-1009

SHANGHAI MUNICIPAL POLICE.

S. 1, Special Branch

REPORT

Date May 1, 1935.

Subject Meeting of Shanghai Japanese Real Estate Owners' Federation

Made by D. S. Umemoto.

Forwarded by H. Grubb Co.

Between 4 p.m. and 6 p.m. April 30, some 10 members of the Shanghai Japanese Real Estate Owners' Federation held a meeting at the Japanese Club, Boone Road, to appoint new members of the Board of Directors.

The following 12 persons were appointed:-

- | | | | |
|-------------|-------------|--------------|--------------|
| Y. Hayashi | T. Sasaki | Y. Shimosato | K. Yamakita |
| K. Oda | T. Murakami | Y. Tsumoda | T. Ohta |
| T. Ashizawa | T. Fujii | T. Igarashi | Ryo Kan Sho. |

Mr. Y. Hayashi was appointed Chairman of the Board and Messrs. Shimosato and Sasaki treasurers.

In connection with the loan of some yen 10,000,000 to be obtained from capitalists in Japan, it was decided to send a representative to Japan to discuss further on this subject with the capitalists, with whom Mr. Hayashi had already opened negotiations during the course of his last visit to Tokyo.

It is expected that Mr. T. Ohta will proceed to Tokyo shortly as a representative.

D. S. Umemoto

D. S.

Deputy Commissioner, Special Branch.

File
[Signature]
2 MAY 1935

SHANGHAI MUNICIPAL POLICE.

File No. 6648
REGISTRY

S.1, Special Branch

REPORT

Date March 4, 1935

Subject (in full) Article in Sin Wan Pao regarding Japanese Residents in Shanghai demanding "Right of Permanent Residence".

Made by D. S. Umemoto Forwarded by *H. Graft to J*

With reference to the endorsement of the Deputy Commissioner, Special Branch, on the attached translation from the "Sin Wan Pao" of February 27, on the subject of the Japanese Residents' Association in Shanghai demanding "Right of Permanent Residence", I have to report that no discussions were held by any Japanese association concerning the matter.

A proposal, however, has been made by Mr. Y. Hayashi, a Japanese real estate owner, and several other owners, to start a movement to secure funds ^{from} capitalists in Japan for the purchase of land, as such loans are no longer available from the Toa Investment Company in Japan, which had previously financed such ventures. With this object in view Mr. Hayashi left for Japan on February 26 by the s.s. "Nagasaki Maru" to open negotiations with influential Japanese capitalists.

He is expected to return to Shanghai during the latter part of this month.

*File
M
713*

File
D. S. Umemoto
D. S.

D. C. (Special Branch) *B. P*
Information
J. G. Lewis
4 MAR 1935

RECEIVED
S. H. REGISTER

6698

Sin Wan Pao

February 27, 1935.

JAPANESE RESIDENTS IN SHANGHAI DEMAND RIGHT OF
PERMANENT RESIDENCE

*See also
S. 582711*

The Japanese Residents Association in Shanghai has discussed on several occasions the question of their residence, because most of the Japanese in Shanghai residing in Hongkew District or on the extra-Settlement roads possess no small amount of real estate. They are, therefore, attempting to secure the right of permanent residence in these districts.

Yesterday morning, the President of the Japanese Real Estate Society of Shanghai left for Tokyo where he will solicit the intervention of the Government with a view to obtaining this right.

SI
Please verify. If true
submit a report covering
the matter in which the
above information will
be embodied.

WAG

Special Inquiry

MUNICIPAL POLICE
S. B. REGISTRY.
9237A
1 1 3 25

Sin Wan Pao

February 27, 1935

JAPANESE RESIDENTS IN SHANGHAI DEMAND RIGHT OF
PERMANENT RESIDENCE

The Japanese Residents Association in Shanghai has discussed on several occasions the question of their residence, because most of the Japanese in Shanghai residing in Hongkew District or on the extra-settlement roads possess no small amount of real estate. They are, therefore, attempting to secure the right of permanent residence in these districts.

Yesterday morning, the President of the Japanese Real Estate Society of Shanghai left for Tokyo where he will solicit the intervention of the Government with a view to obtaining this right.

*Original sent to S,
for inquiries on 12.
LH*

16497

D. ...
...

MYSTERIOUS ARREST OF YOUNG BRITON

Earl of Rosse's Heir Held
by Chinese in Kansu

"TRUMPED-UP CHARGE
OF PETTY THEFT"

Peiping, May 2.

The Hon. Desmond Edward Parsons, brother of the Earl of Rosse, who has been arrested by the Chinese authorities in Kansu, telegraphs that he is being detained at Ansichow, in the far northwestern corner of the province, on a "trumped-up charge of petty theft." His requests for permission to leave the town have been refused.

The British Legation has asked the National Government to telegraph the Kansu authorities to allow Mr. Parsons to leave Kansu for Peiping immediately.

Mr. Parsons, who has lived in Peiping for some time, recently went on a journey into the northwest of China. He was arrested at Tunhuang, whence he was removed to Ansichow.

—Reuter.

(The Earl of Rosse, whose seat is at Birr Castle, King's County, Ireland, is one of the largest landowners in the peerage, his estates covering 26,500 acres. The Hon. Desmond Parsons, who was born in December, 1910, is the Earl's only brother and is heir presumptive to the title.)

Nanking Officially Unaware

Nanking, May 2.

No official information has been received by the Foreign Office concerning the arrest of Mr. Parsons, it was announced here this afternoon, and it was also stated that no representations had been received from the British authorities.

The reported arrest of Mr. Parsons is being investigated by the Foreign Office.—Reuter.

File
JMR

CLASSIFIED INFORMATION POLICE
S. W. REGISTER

D 6699
Date 3 5 35

REUTERS PACIFIC SERVICE

RPS:1

Briton Arrested In Kansu

Heir To Earl Of Rosse

Investigation Requested

PEIPING, May 2.

News reached Peiping to-day of the arrest by the Chinese authorities at Lanchow, Kansu, of Desmond Edward Parsons, brother and heir of the Earl of Rosse, one of the largest land-owners in England.

forward in 2/5/35. Add 48

The charges against Mr. Parsons, a young man of 24, are not known.

It is understood that the British authorities have requested the Foreign Office at Nanking to investigate the affair and to ask for his release. This is now being done.

Mr. Parsons, who has been a resident of Peiping for some time, recently went on a journey into the north-west of China.-REUTERS PACIFIC SERVICE.

2/5/35

ssm/ln

\$2, Any information.

J. H. G.
2 MAY 1935

*Dr. Sp. Res.
Lia. we have no information to offer.
2/5/35*

SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY
No. S. B. D. 6700
Date 6-6-35

**FLYING DUTCHMAN
CREW FREED**

**Fine of Y. 200 Imposed by
Formosa Authorities**

Giran, Formosa, May 11.
After undergoing the strictest questioning for several days, the crew of three of the Shanghai ketch Flying Dutchman, who ran foul of the Japanese authorities on May 2, obtained their freedom to-day—but only after payment of a fine of Y.200.

Immediately after his release, Mr. W. S. Gates, American member of the crew, left for Taihoku to report to the American Consul there.

In the meantime, his colleagues, H. G. Wrede, 26-year-old German, and Gene Roubin, a Russian, are preparing to leave the island at the first opportunity.—Reuter.

Otto Kriez Fined Y. 200

Taihoku, May 11.
Otto Kriez, a Shanghaier and the owner of the yacht Osten, who was arrested in the middle of April on a charge of entering the strategic zone in Formosa without leave, was brought up at the Taichu district court to-day. After a short hearing, he was fined Y. 200 for violating the Shipping Law and released.

The Osten, with a crew of two, Kriez and a Frenchman named Severin Ruffo, sailed from Shanghai on April 1 in an attempt to reach the United States.—Reuter.

See separate file 4624

Rep. Com. (L. P. Beck)

Sir, Information.

*This has been dealt
in the monthly report for May*

W.H.
6 JUNE 1935

W.H.
6/6/35

W 407.08
S. H. P.
D
1

**Shanghai German Still
Held As Alleged Spy**

**Ruffio, 2nd Member Of Wotau
Crew, Said Released**

TOKYO, May 4.—(Reuters).—It is learned here today that the small sailing-boat Osten, which left Shanghai for the United States on April 1, was detained at Taiko, Formosa, in the middle of that month.

The crew, consisting of Otto Kriez, a German, and Severin Ruffio, a Frenchman, were arrested on a charge of espionage, and taken to Tainan, in Taichu Prefecture, for an examination.

Ruffio has since been released, but Kriez is still in prison.

The authorities here declare that they have no information on the subject, but they are now conducting an investigation.

Ch. Insp. Grubb
SI

*Please watch
developments and
make watter the
subject of a paragraph
in the monthly reports
either SI or S2.*

MG

*Passed to S. 2. 6
19. 5
35.*

SHANGHAI MAN GETS IN TROUBLE

Arrested In Formosa On
On A Charge Of
Espionage

TOKYO, May 4.—It is learned here to-day that the small sailing-boat Osten, which left Shanghai for the United States on April 1, was detained at Taiko, Formosa, in the middle of that month.

The crew, consisting of Otto Kriez, a German, and Severin Ruffio, a Frenchman, were arrested on a charge of espionage, and taken to Taian, in Taichu Prefecture, for an examination.

Ruffio has since been released, but Kriez is still in prison.

The authorities here declare that they have no information on the subject, but they are now conducting an investigation.—
Reuter.

10507

Another Boat, Two More Men Held In Formosa

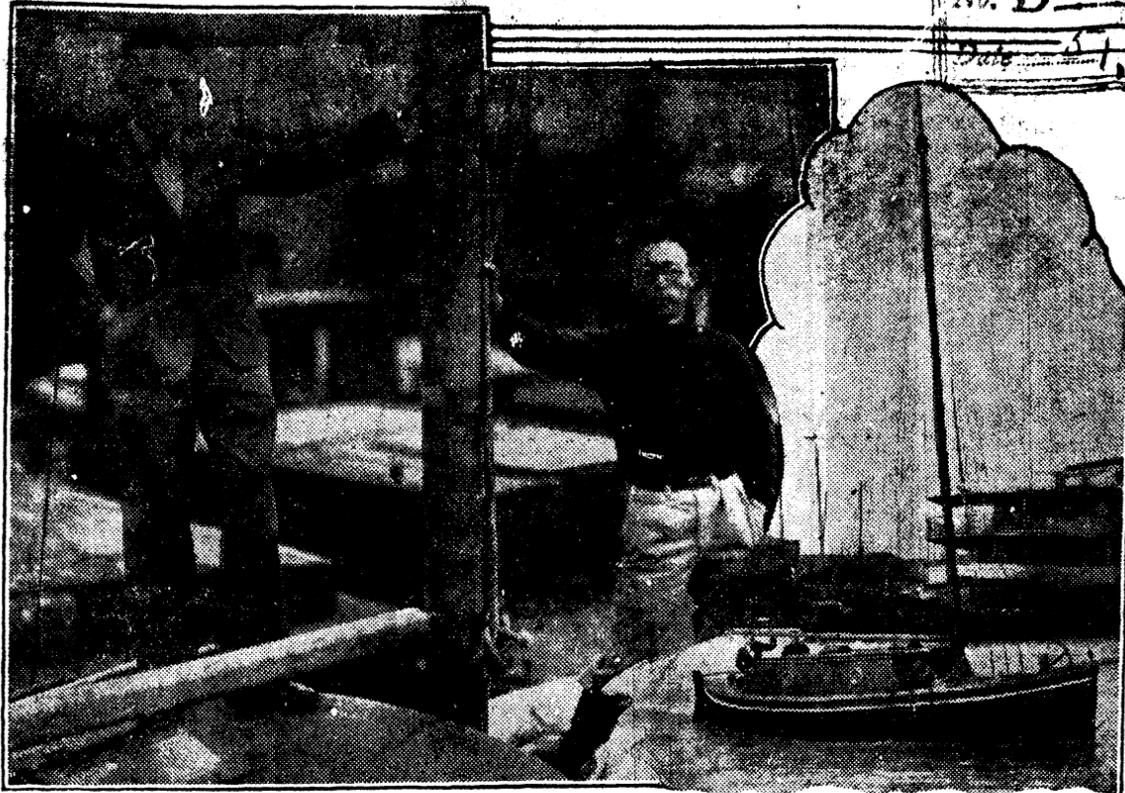
S. B. KEI

No. D

6700

Date

5/1 1935



Simultaneous with the arrest on Monday of three Shanghailanders comprising the crew of the ketch "Flying Dutchman" by Formosan authorities at Taito, Mr. Otto Kriez (left), German, and Mr. Severin Ruffio (center), and their boat "Wotan III" (right inset) were seized by Formosa authorities on the same day at Tainan on another alleged spy charge. Kriez and Ruffio left Shanghai on about April 1, continuing a round-the-world pleasure tour, and were bound for Manila and the South Seas.

2 Germans From Shanghai Also Held, Boat Seized In Formosa

Members Of Separate Expedition From That Of 'Flying Dutchman' Arrested; Fate Of Members Of Both Groups In Doubt As News Scarce

Simultaneous with the arrest of the three Shanghailanders comprising the crew of the "Flying Dutchman" at Taito, South Formosan militarized port, on Monday for alleged spying, Formosan authorities on the same day arrested two more Shanghailanders comprising a separate expedition and seized their boat, "Wotan III," at Tainan, west coast of Formosa, on the same charges of spying. The China Press learned from reliable sources last night.

world tour. After remodeling their boat, they left early in April for America via Manila and the South Seas.

Alleged To Be Photographing Mr. W. S. Gates, 28, American, Mr. H. G. Wade, 26, German, and Mr. Gene Roubin, 21, nationality either American or Russian, left Shanghai April 1 in their 33-foot ketch-rig "The Flying Dutchman" on a leisurely trip which was eventually to take them off the coast of Africa and in the interim to enable them to search for gold in sunken ships. On May 1 they were seized at Taito on the charge of alleged spying, including illegal photographing of the coast.

The seizure of the "Wotan III" is the third spy scare in Formosa in the past few weeks.

The Takao branch of the Tainan High Court last Saturday ordered confiscation of the Netherlands tanker Juno and the imposition of a Y2,000 fine on her master upon conviction of having violated Article III of the Japanese Marine Act by entering without permission into a fortified zone in the Pescadores.

The master had claimed that he had sought refuge from a typhoon.

ELEPHONE TO

1,000 c.ft. to \$2

ve have reduced

der our new DU

to use for W

see also file 5 6624

File

JMG

MAY 1935

SHANGHAI MUNICIPAL POLICE.

File No. 6700

Section 2, Special Br. 5

REPORT

Date May 2, 1935.

Subject Request from the Japanese Consul-General for information regarding the yacht "Wotan" and its crew.

Made by D.S. SANSONE Forwarded by *A. B. Loversick*

The attached translation of a telegram received by the Japanese Consul-General from the Formosan Police refers to two adventurers named Otto Diez, 24, German, and Severin Ruffio, French-Lurasian, 25, who sailed from Shanghai on April 6, 1934, aboard the yacht "Wotan II," for America via Manila.

Diez, in company with another German, Richard Knecht, on May 12, 1932, sailed from Mannheim, Germany, aboard the yacht "Wotan I," on a round-the-world adventure. Some two years later they reached Moulmien, Burma, where they were compelled to cancel the project on account of illness. From Moulmien, they proceeded to Shanghai by steamer, arriving here in May, 1934. In Shanghai they published a book entitled "Adventures in a small boat." Five hundred of these books were sold at \$2.00 per copy, thus enabling them to raise sufficient funds with which to purchase the "Wotan II" with the intention of resuming their travels. Knecht, however, became indisposed, and his place was taken by Ruffio. Knecht (referred to in the telegram as Creft) resides at 240 Nanzing Road and is employed with Kunst Albers, 110 Szechuen Road. He is about to remit funds to Manila on behalf of these two men.

Whilst in Shanghai, Diez resided at 240 Nanzing Road. He lived quietly and did not come to the notice of the police.

Ruffio was born locally. Nothing detrimental to his character is known to either the Shanghai Municipal Police or the French Police.

A copy of the book "Adventures in a small Boat" is submitted herewith for favour of passing to the Japanese

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19

Subject

Made by

Forwarded by

-2-

119

Authorities and return to the undersigned.

A. Sanson.

D. S.

Copy attached

Deputy Commissioner (Special Branch)

ST

Please pass book to Japanese Authorities for perusal and return and copy of this report for permanent retention.

JH

Above instructions carried out by AS.

Memento on 3. 5. 35.

119

File JH

APR 1935

SHANGHAI MUNICIPAL POLICE.

S. 1, Special Branch *D. S. Umamoto*

REPORT

Date *May 21, 1935*

Subject (in full) Request from Japanese Consul-General for information re the yacht "Wotan"

Made by *D. S. Umamoto.* Forwarded by *A. Grubb C.S.P.*

Attached is a translation of a telegram received by the local Japanese Consul-General from the Formosan Police. The Consular Authorities request that any information in the possession of the Municipal Police on the subject be furnished them.

D. S. Umamoto
D. S.

Deputy Commissioner, Special Branch.

S2,
For attention please. I think we have a file in this case.

D. S. Umamoto
7/5/35

J.H.G.
1-MAY 1935

Translation

At 4 p.m. April 26, a small yacht called at Taian, Taichu, Formosa. The crew of the vessel consisted of two persons, one of whom was a German writer and artist named Otto Zies (?), 24, residing at No. 240 Nansel Dori (?), Shanghai, and the other, a Frenchman named S.E. Ruffio, unemployed, residing at Chateau d'Eau (?), the Bund, Shanghai.

As a result of interrogating of these two persons, the following information has been obtained :-

The yacht left Shanghai on April 6 en route to Manila. During the voyage the sails and the hull of the vessel were damaged so they called at this port to make necessary repairs. They proposed to make a trip to the U.S.A. via Philippine Islands with the object of writing essays on travel and taking photographs for illustration. The vessel "Wotan" (?) is an old ship purchased at Shanghai and registered with the German Consulate there. A relative of Otto Zies, named Creft (?), 30, is at present operating a cigarette factory at the address given as Otto Zies's residence. A sum of gold \$200 has been remitted to the Manila Post Office by Creft.

Investigations are being conducted regarding the two persons in view of the suspicious nature of the articles in their possession and of their movements.

You are, therefore, requested to verify the following information and to communicate the results to us by cable immediately :-

Have they resided in Shanghai ?

What is the object of their voyage ?

What are their connections with Creft ?

Other useful information.

10289

FOREIGNERS HELD AT FORMOSA

Espionage Charges Against Americans

Tokyo, May 1.

Three Americans, one reported to be a retired naval lieutenant, are being held by the authorities at Taito, Formosa, charged with espionage, according to dispatches received from there to-day. In addition, at the little port of Taian, Formosa, one German and one Frenchman, allegedly from Shanghai, are also being held upon the same grounds.

The arrest of the Americans—whose names have not been made public by the Formosan authorities—came about after the small yacht in which they had been sailing was damaged so severely as to force them to put into shore.

Police immediately arrested them for landing without a permit, claiming that craft had evidently been damaged purposely in order to give the men an excuse for coming ashore. Furthermore, the police claim that they had been taking pictures of the coast-line. The Americans, however, claimed that they were merely on a pleasure sail from Keelung and were blown ashore. Their protests were unheeded, they being taken to court where they will be examined and forced to defend themselves against the charges of espionage which have been preferred against them.

"Hotbase" and "Kwass"

Meanwhile, a coincidence took place in the form of a second small yacht being blown ashore at Taian. The occupants of this vessel were a German and a Frenchman. Their note books indicated that they were from Shanghai and that they had intended to examine the coast-line. A faulty translation of their names as received from Formosa sounds something like "Hotbase" and "Kwass." They also are suspected of espionage.

According to information given out at the American Embassy, the officials there have not been informed of the plight of the Americans but an immediate investigation is to be made by members of the Embassy staff.—United Press.

SHANGHAI MUNICIPAL POLICE

File No. _____

Section 1, Special Branch

REPORT

Date December 19, 1940

Subject (in full) Russian Sporting Association "SOKOL" - Mr. Malinovsky's lecture
on 18-12-40 cancelled.

Made by D.S.I. Frokofiev. Forwarded by J.I. Crawford.

The lecture on the subject of the Soviet Govern-
ment in the U.S.S.R., which Mr. N.P. Malinovsky proposed
to hold at the club of the Russian Sporting Association
"Sokol", 338 Weihaiwei Road, during the evening of Decem-
ber 18, did not take place because total attendance,
including a newspaper reporter and the undersigned, was
three persons only.

C. 4
19

A. Frokofiev

D. S. I.



A. C. (Special Branch).

INDEXED BY
(S.M.) REGISTRY
DATE 19/ 12/ 40

Shanghai Municipal Police.

U. S. RECI... 6702

Foreign Section Station.

April 12, 1930.

REPORT ON The Russian Sportsman's Society "Sokol".

Made by D.S. Maklaevsky

Forwarded by The Robertson (1)

With reference to the attached letter of April 1, 1930, from H. Thieme, O.C. Russian Unit, S.V.C. re the formation of the Russian Sportsmen's Society "Sokol", inquiries show that this society was formed with a view to reviving sports amongst local White Russian Young Men. Their idea is to rent some suitable premises with grounds attached and to open a Sports Club, which will be divided into different sections. Such sections will be composed of persons interested in boxing, football, cycling, etc.etc. All White Russians will be admitted. At present they have 100 members, each paying \$1.00 entrance fee. The society is said to be absolutely non-political and has been formed for the development of physical exercises and manly sport.

The Chairman of the Society is Major H. Thieme, S.V.C., Vice Chairman, Mr. Braikovsky of the Judicial Police, S.M.P., Secretary, K.A. Zoob, a watchman; Physical Instructor, A.A. Matrossoff, at present unemployed; Treasurer Mr. M.R. Delimarsky, Detective attached to the French Police.

It is not expected that this society will prove of interest from a political point of view, nor, like many other Russian Clubs, is it expected that gambling will be resorted to as a means of providing funds.

Newspaper articles re this society are attached.

Who 13-4-30

Leg type draft 14/4 signature

B. Maklanski

D. S.

A/D.C.I.

A.P.O. There seems to be nothing objectionable in this society from a public point of view. 14:4:30

The "Shanghai Tarya" of April 10th writes as follows:-

The "Sokol" Sports Society.

On April 6 the first general meeting of the members of the "Sokol" Sports Society was held at the Russian Social Club in Avenue Foch, and was very largely attended.

The meeting was opened by a short speech made by D.M. Braikovsky, who described the aims and the significance of the Society. Next spoke Mr. A.N. Matrossoff, referring to the activities of the initiative group after which a vote of thanks was passed to the above group, headed by Col. H.R. Thiems, who was at the same time elected Chairman of the Board of the "Sokol" Society.

The following were then also elected on the Board:-
D.M. Braikovsky, Vice Chairman, A.N. Matrossoff, Chief of the Unit, M.A. Delimarsky, Treasurer, K.N. Zub, Secretary, S.D. Ogareff, in charge of the House Committee, and M.V. Vasilneko, V.I. Pilonovich and V. Kamkin, Members.

On Monday a meeting was held by the new Board and the instructors, at which activities were marked out and it was also decided to begin exercises on Friday, April 11 at 6 p.m. on the courts of the Social Club, which were kindly placed at the disposal of the "Sokol" Society by Mr. Chunihin of the Social Club. The Society already now counts a hundred members including several well known champions of various sport and excellent sportsmen generally. A ladies and children's sections are in the course of formation. The Society hopes in the future to have its own publication, an orchestra, etc. as well as arrange excursions, camping and other forms of recreation. It is also proposed to have an official opening shortly to be marked by religious service and a social afternoon gathering, and in some distant future an exhibition of the exercises of the "Sokol" Society.

The "Dien" of April 7th writes as follows:-

The "Sokol" Sports Society activities.

The "Sokol" Society intends to issue a one-day publication on Easter week entitled "Easter Bella". It has also got into communication with the similar societies functioning in the Prague and in Belgrade and other sporting associations in the Far East.

The "Sokol" organization in Shanghai.

The well known world organization "Sokol", which had developed mainly in Czecho-slovakia and Russia, is now finding favour with the Russians in Shanghai, who are anxious to join this sporting organization.

The news that Colonel Thieme and Messrs Matrosoff and Zub were planning to revive the Sokol organization locally, drew the interest of the Shanghai Russian young men who lost no time in joining up. The lively response to the idea promoted by initiators is resulting in the formation of the organization in question. On Sunday, April 6, a meeting will be held at 4 p.m. in the Russian Social Club with a view to passing the Rules and Regulations and defining sporting activities, which should begin very shortly.

Persons, who have registered their names for membership are requested to attend the above meeting so as to participate in the discussion of questions affecting the working of the organization. The initiative group has done almost everything to complete the formation of the organization, but suggestions from members will be welcome.

Football, and bicycle teams are being formed now, and the gymnasium has the necessary appliances for physical exercises.

It is also intended to institute ladies' and children's sections.

Enquiries to be made with A.A. Matrosoff, 306 Avenue Foch, noon to 2 p.m. and 7 to 8 p.m. Phone 30883-4 and K.A. Zub, from noon to 1.30 p.m.

4160.

POLICE FORCE FOR COMMENT

APR 2

1930

(with envelope to be att.)

894

5070

2 4/30

April 1st, 1930.

RECEIVED

6702

The Secretary,
Shanghai Municipal Council.

Sir,

I have the honour to inform you that an association has been formed called "The Russian Sportsmen's Society (Sokol)" Its purpose is the fostering of sports and physical training amongst its members, and the organization of games.

The Society possesses no premises as a club and has only an organizing address which temporarily is at present, - 306 Avenue Foch.

A copy of the Society's conditions is attached for your information.

I am,

Yours faithfully,

H. Thieme.

SHANGHAI MUNICIPAL POLICE. S. E. REGI 673

CONFIDENTIAL.

CRIME DIARY.

"C"

CRIME REGISTER No:— **Miso.251/35**

Hongkew Division.
Police Station.
3/5/35 19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

Arrival of M.O.Koteneff.

On 2/5/35 information was received by the undersigned that Mr. Oswald Koteneff, a Soviet Agent formerly connected with C.E.R., had arrived at Shanghai on 24/4/35. He is at present staying in Room No.247, Astor House Hotel and is frequently visited by Mr. Borisoff. The latter is also believed to be a Soviet Agent as he often uses m/cars of the Soviet Consulate.

Mr. O.Koteneff is maintaining telegraphic communication with Moscow addressing his telegrams as follows:

Rudy, Moskow, Soljank Odin Kwart.151".

Majority of telegrams have been sent in code. A copy of a telegram sent on 2/5/35 was obtained by the undersigned and is attached hereto.

Ser. Det. *[Signature]*

[Signature]
D.S.

D.D.O. "C" Division.

File
[Signature]
MAY 1935

D-6709

d

D-6710

MR. C. H. GREEN FINED £20

Subject to the Applicability of the Road Traffic Act, 1930, to British Subjects in China

Under section 15 of the Road Traffic Act, 1930, Mr. C. H. Green was found guilty of driving a motor when under the influence of drink, to such an extent as to be unable to have proper control of the car, and was fined £20 in H.M. Police Court yesterday.

The Registrar, Mr. C. H. Haines, added that since he found it necessary to convict, he had decided to state the case to the full court for instruction as to whether section 15 of the Road Traffic Act applied to British subjects in China or under the local regulations, which made provision for the same offence.

In view of his decision, which might prove of considerable importance to the accused, the Registrar told the accused that the fine would be held over until he received instruction from the full court on the case.

Summing up yesterday afternoon, the Registrar said it was always very difficult to decide what was actually the quantity of "influence" to make a man guilty of this offence. A number of factors must be considered, he said, not the least of which was the doctor's report. Taken by themselves, he said, the various symptoms might be due to other causes than drink, but taken together, coupled with the strong smell of alcohol, for example, slurring of speech, confusion of ideas, and effects of the nervous system, it seemed to him there was a very strong case for the defendant to answer.

The explanation of the accident, he said, might be genuine mistake or, on the other hand, might have been partly due to the defendant's condition in not having his nervous system in proper order.

He felt, he said, that the accused's explanation that the accelerator and brake pedals of the car were very close and that his foot slipped from the brake to the accelerator, was one hardly likely to happen to a man who had driven some 20,000 miles in the same car—a fact which the accused admitted—unless his nervous system was not in proper order.

In fining the accused under the Road Traffic Act, the Registrar stressed the seriousness of the offence, and said for a first offender under section 15 of the Act, a convicted person was liable to a fine not exceeding £50 or a term of imprisonment not exceeding four months.

Mr. John McNeill of Messrs. Hansons conducted the case for the prosecution, the Shanghai Municipal Police; and Mr. Ranald McDonald appeared on behalf of the defendant.

Traffic Light Examination

Sub-Insp. Hsu Hsu-chang, the first witness called yesterday, gave evidence of a plan he had drawn of the accident, making his calculation from the skid marks on the road, and from the evidence supplied by C.P.C. 3087, a witness of the accident.

Defending counsel waived his cross-examination when the Registrar agreed to examine the traffic light signals. Counsel suggested that the Registrar should examine them that afternoon at the same time as the accident was alleged to have taken place on April 17, and from the position where the car was said to have been.

Insp. W. H. Pike, the last witness for the prosecution, said that at 4 p.m. on April 17 he saw the accused and another foreigner in the police station compound. Sgt. Marsh, who was with them, said to him, indicating the accused, who was close by, "This man has been involved in a car accident, and I think he is drunk."

Witness said he then asked the accused to sit down in the traffic office, but instead, the accused left the traffic office and began walking round the police compound. "I decided," witness continued, "that he had been drinking and told him I did not think he was in a fit condition to drive a motor car."

Mr. McNeill: Did he make any reply?—Yes, he said, you're b—y well right the first time, I am drunk.

After that Insp. Pike said he reported to the Chief Inspector to the effect that he was sending for a doctor. Asked by prosecuting counsel if he had anything to add, witness replied that before the doctor arrived he heard Mr. Gensburger say to the accused "You won't pass the test Charlie, you are drunk."

Change of Moods

Mr. McNeill: Have you anything more to tell us?—You mean as regards the language?

Registrar: I do not think it necessary to rehearse the language.

Witness, in conclusion, said that before the accused knew the doctor was coming he was in a jovial mood, but as soon as he knew, his manner changed.

Cross-examined by Mr. McDonald, witness said he asked the witness to sit down in the traffic office.

Mr. McDonald: Is it rather hot and stuffy in the traffic office?—Not more so than the ordinary office.

Mr. McDonald: Did you prevent the accused from going into the clean fresh air?—Yes, for his own safety.

Asked to explain how the accused's manner changed, Insp. Pike said that as soon as the accused realised a doctor was sent for he started using bad language.

Mr. McDonald: So when he thought it was serious he became a little violent in his expressions?—Yes.

Not unnaturally, was Mr. McDonald's comment as he concluded his cross-examination of the witness. Mr. McNeill then told the Registrar that the case for the prosecution was concluded.

Mr. McDonald, before opening, asked the Registrar's permission to call his two witnesses first and address the bench afterwards. He gave as his grounds that he had never been able to understand why any counsel should be compelled to make a speech and more or less put into the mouths of the witnesses what they were going to say. The grounds advanced by defending counsel, the Registrar said, were insufficient for him to grant the request.

On the assumption that the case might eventually be judged under the local traffic regulations Mr. McDonald pointed out in Byelaw 36 the words "Any person who shall wilfully disobey any regulation," and asked the Registrar to note that there was not one iota of evidence of his client wilfully disobeying any regulation.

Defending Counsel's Address

Addressing the Registrar on the case, counsel said that his client emphatically denied he was under the influence of liquor to such an extent that he was incapable of driving his car. "He may say," counsel added "that he was not under the influence of liquor at all."

He reminded the Registrar that the defendant was a man of 57 years of age and the proprietor of the Exchange Buffet, which was a popular rendez-vous in a most central position, not far from the local Shanghai Stock Exchange.

Being the proprietor of the Ex-

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6709
Date 12/5/35

File
JMS
13 MAY 1935

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change Buffet, counsel continued, his client was in the habit of having a certain number of small whisky and waters with his customers. A whisky and water, counsel added, was one of the most innocuous and safest alcoholic drinks which anyone could take.

On the day in question, counsel said, his client arrived at the Exchange Buffet at about 9 a.m., and subsequently had his first small whisky and water after 11 a.m. Between then and 1 p.m. he had his usual quantum but instead of going home, he lingered, to watch one of his customers doing card tricks. Then he had some sandwiches at the Buffet, where he remained, counsel said, until about 3 p.m., when Mr. Gensburger asked the defendant if he could give him a lift to the Astor House Hotel.

The accused, counsel said, got into the car, which was parked in a congested area, and by a necessary devious route, which included several traffic crossings, arrived on the Bund, heading towards the Garden Bridge.

Evidence would be given, Mr. McDonald said, that they were proceeding at an ordinary pace, when suddenly Mr. Gensburger called the attention of the accused to the traffic lights. At this point counsel explained to the Registrar that the accused was driving a baby Ford, in which the brake pedal and accelerator, he said, were very much closer than most. The defendant, counsel continued, put his foot on the brake but it slipped on to the accelerator.

Counsel then made mention of the defendant's driving record, and asked the Registrar to bear these points in mind.

Anyone, Mr. McDonald contended, of the age of the accused, who was involved in an accident, was likely to be shaken, even, counsel continued, the most rigid teetotaler. Counsel also contended that the suggestion of going to the police station emanated from Mr. Gensburger, who drove the car to the police station. "My client was as you have heard," counsel said, "jovial,—possibly too jovial. It must be obvious after having heard the evidence of the police doctor that a saturnine or puritanical demeanour is more likely to help you out than to be human."

Two New Tests Suggested

Referring to the many tests through which his client was put, Mr. McDonald said he could only suggest two others, which the police might consider. "One is," he said, "the Flying Trapeze test, and the other writing an essay on Einstein's Theory of Relativity."

The witness himself, Mr. McDonald said, would say that when subject to these "purile and offensive tests" at first he treated them as a joke, but when he felt he was being insulted, became truculent. He may have invoked the diety, counsel said, but there were very few men in this age, especially soldiers, who did not, and if that was the view taken by the doctor then no man who ever took a drink in Shanghai and had a motor car accident will ever be safe.

Mr. Green was then called to give his evidence, which followed on the lines outlined by defending counsel. He said he had from two to four whisky and sodas on the day in question before lunch, which consisted of some sandwiches, and after that had a few more. He left for the Astor House at 3 p.m., he said, giving Mr. Gensburger, who asked him for a lift. When they reached the cross roads, Mr. Gensburger cried out "Red light, Charlie."

"I jammed on my brake," accused continued, "my foot slipped off on to the accelerator. They—the foot brake and accelerator—are quite close together."

Accused said after the accident occurred he was considerably shaken and did not feel well. When they arrived at the police station a man said "Charlie, you are drunk." "I treated it as a joke," accused said "and replied, you think you are right, but you are b—y well wrong, I am not drunk."

Previous Driving Record

Accused said he had driven a car since 1907 or 1908. The car that was

involved in the accident, he said, he had driven 20,000 to 21,000 miles. During his driving career, he continued, he had only been involved in two accidents.

Cross-examined by Mr. McNeill in the afternoon, witness denied that the amount he drank on that day was out of the ordinary. Accused said he must have been very close to the traffic light signal when Mr. Gensburger called out "Red light Charlie."

Mr. McNeill: How fast were you travelling?—Twelve to 15 miles an hour.

The last witness to be called for the defence was Mr. E. E. Gensburger, who supported the evidence of the defendant. The accused he said was very shaken after the accident and not himself, and gave this as the reason why he drove the car from the scene of the accident to the police station.

10156

Humour Injected Into Proceedings In British Police Court Yesterday

Interesting Evidence And Repartee Are Heard On Question Of Intoxication; Dr. S. K. Squires Performs A Test To Everyone's Amusement

TRIAL OF MR. C. H. GREEN CONTINUES BEFORE MAGISTRATE C. H. HAINES

A great deal of humour was injected into the usually solemn proceedings in the British Police Court yesterday morning when amusing repartee was exchanged by opposing counsel and witnesses, centring round the question of intoxication, during the continuation of the trial of Mr. Charles H. Green on a charge of driving a motor car while under the influence of drink. The charge against Mr. Green is being heard by Magistrate C. H. Haines under Section 15 of the Road Traffic Act of 1930. Magistrate Haines had pointed out, at the hearing on Tuesday, that if and when he found it necessary to convict Mr. Green, he would state his case and send it to a higher court to decide whether the Road Traffic Act of 1930 were applicable to British subjects in the International Settlement or whether they had to be tried under the local by-law regulations.

Notwithstanding the seriousness of the charge against Mr. Green, he as well as everybody else present in the court room were put into excellent humour early in the day's proceedings by the line of questioning taken by Mr. Ronald G. McDonald, counsel for defence. Mr. McDonald's sarcasm and witticisms seemed at times to stray from the regular procedure, in the opinion of Mr. John McNeill, prosecuting on behalf of the Shanghai Municipal Police, who rose to object.

Perhaps the most interesting of yesterday's witnesses, as was the case on Tuesday, was Dr. S. K. Squires, police surgeon, who was recalled to be further cross-examined by Mr. McDonald on the point of his examination of Mr. Green at the Central Police Station on the afternoon of April 17, shortly following the accident. After Mr. McDonald had concluded with his cross-examination of Dr. Squires, punctuated by laughter from the gallery, counsel and magistrate, the hearing was adjourned until to-morrow morning.

In opening, Mr. McDonald asked Dr. Squires if he knew who had devised the "Suspected Drunkenness" Form of the Shanghai Municipal Police, on which he had made his report on examining Mr. Green. Dr. Squires stated that he was not sure, but believed that it was prepared by police surgeons. Upon Dr. Squires stating that he was supplied with this form immediately he commenced his examination of Mr. Green, Mr. McDonald put to him:

"It means that you suspected before you realized anything?"

"No. It means someone has suspected," came the quick rejoinder.

"It means that you started the examination with a biased suspicion?" pressed Mr. McDonald.

"No," explained Dr. Squires, "I proceeded to examine him to see if he was normal."

Word Mis-spelt

Mr. McDonald then referred to the part regarding "Past history of head injuries," which he continued reading and which Dr. Squires had filled in, "none since 1926 when there is history of a motor accident." Before stopping, the defence counsel pointed out,

"And I think you spelt 'motor' with an 'e'."

Upon Dr. Squires denying this, Mr. McDonald went on, "Well it's the nearest approach to an 'e' I ever saw."

"Are you suggesting lack of education?" questioned Mr. McNeill, amid snickering from the gallery.

"I will leave my suggesting until a later stage," replied the defence counsel.

"Then I must object to manner of the cross-examination," added Mr. McNeill.

Not Unique Specimen

Coming to the question of whether Mr. Green had suffered from any nervous disease, Mr. McDonald asked, "If he had not, would he not be a unique specimen of the human race?"—"No."

Dr. Squires then described the bad language Mr. Green allegedly used towards the police in his presence as "truculent." The surgeon stated that Mr. Green had used the language when the police officers had asked him to sit down so that he could conduct his examination.

"Was it a third degree method?"

"No."
"What did he say?" questioned Mr. McDonald. Dr. Squires seemed to be reluctant to repeat the language, but upon Mr. McDonald insisting, he did so.

"He told them to mind their..."

Notwithstanding the language, Mr. McDonald continued, "That's not unusual language in your experience?"

"That depends entirely upon the class of man," was the rejoinder.

"What religion are you, may I ask?" continued Mr. McDonald.

"Church of England."

Switching to his next point, Mr. McDonald asked the doctor:

"Do you drink yourself?"

"Occasionally."

"When you do, has anyone ever told you that your breath smelt of alcohol?"—"Yes."

"Missed it!" Cries Counsel

Then coming to the tit-bit of the morning evidence, Mr. McDonald questioned the surgeon regarding the finger-nose test.

"Would you mind putting your left hand finger on the tip of your nose?" asked Mr. McDonald, to everyone's amusement.

Dr. Squires closed his eyes and did so.

"Missed it!" exclaimed Mr. McDonald, amidst general laughter.

Magistrate Haines then took a hand in the proceedings, which seemed to be conducted to the great amusement of the gallery.

"You are wrong, Mr. McDonald," said the magistrate.

A short argument followed on the point, with the defence counsel finally submitting:

"I cannot argue with your Honour," he put in.

Coming to the Romberg test, through which Dr. Squires had put Mr. Green to see if he could stand straight with eyes closed, Mr. McDonald asked if Professor Romberg had left Germany.

"I don't believe he ever was there," replied Dr. Squires, and added, "He is dead now."

Upon being informed that the now dead professor had devised this test, Mr. McDonald asked:

"Was he as big a hypocrite as Dr. Freud?"

"This is an interesting subject," cut in Mr. McNeill, "but aren't you rather drifting from the case?"

Replying to Mr. McDonald's last question, Dr. Squires said that the two professors specialized in different lines.

Mr. McDonald then continued cross-examining Dr. Squires on

the manner in which he stated Mr. Green was confused, to which the surgeon pointed out that Mr. Green could not remember what he had to drink.

"Have you, in your experience as a police doctor, ever decided in favour of a person you were examining?" asked Mr. McDonald as a parting shot. "Yes," came the reply.

In his brief re-examination, Mr. McNeill was told by Dr. Squires that at the time he examined Mr. Green, the latter was not suffering from shock. The doctor also explained that the effects of a crash on an intoxicated person would tend to make him more sober.

Police Witnesses

Humour was also provided at the cross-examination of the Chinese constable who witnessed the accident at the intersection of Soochow Road and the Bund on the afternoon of April 17. The constable, through an interpreter, stated that while near Mr. Green, he smelt liquor on his breath. The witness denied drinking himself and finally, through the interpreter, after several attempts to clarify the point, the Court understood that the constable meant that there was a strong smell coming from Mr. Green at the time.

Sergeant S. Marsh, of the S.M.P., who, upon hearing a "loud smash," went to the scene of the accident, took charge of the matter, ordered the vehicles separated and took the names of the drivers and drove with a friend at the wheel and with Mr. Green to the Central Police Station, was the other witness.

Sergeant Marsh stated that while driving to the station, he heard the remark, "I told you Charley Green could drive his own car any time."

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File
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Mr. McDonald then cross-examined Sergeant Marsh on his instructions and duties as a police officer and whether he was right in compelling Mr. Green and his friend to drive to the police station. Sergeant Marsh stated that he had asked, and not compelled, them and that those were his instructions in cases of ac-

cidents.
Sergeant Marsh closed his evidence by stating that he assisted Mr. Green into his car after he rambled round the police station following his examination by the doctor.

Appeal Court To Decide On Road Traffic Act

Magistrate Haines Rules That Applicability Of Act In Settlement Is Matter For The Higher Authority; Trial Against Mr. Green Opens

Stating that he had come to a conclusion that the question of applicability of the Road Traffic Act of 1930, or any sections thereof, to British subjects in the International Settlement was a matter for a higher authority to decide, Magistrate C. H. Haines presiding in the British Police Court yesterday morning, ordered the prosecution to proceed with its case against Mr. Charles H. Green, charged, under Section 15 of the Act, with driving a motor car whilst under the influence of drink.

In view of the recent judgment of the Full Court of Appeal in the case of Fred Ellis, where it was held that the Betting and Lotteries Act applied to British subjects in China, Magistrate Haines stated that he would proceed, under the Road Traffic Act of 1930, in the case against Mr. Green, and that if and when he decided to convict the accused on the facts presented, he would state his case.

With the aspect of the case showing that full presentation might be required before the upper court, Mr. Ronald G. McDonald, appearing on behalf of Mr. Green, rose at this stage to inquire whether the Shanghai Municipal Police, who are conducting the prosecution through Mr. John McNeill of Hansons, "are prepared to pay the costs of the unfortunate defendant?" With the Magistrate not being able to inform Mr. McDonald on the point, and Mr. McNeill refused to say anything on behalf of the Police, Mr. McDonald insisted, "It is a material question to my client."

Procedure Decided

With the question of procedure being decided upon, Mr. McNeill opened his case on behalf of the Police by outlining the details of the case. Two witnesses were called yesterday, the Chinese constable who witnessed the accident and Dr. S. K. Squires, who examined Mr. Green at the Central Police Station following the accident. Numerous objections were raised on insignificant points by Mr. McDonald, who also cross-examined Dr. Squires at length in an effort to break down his evidence on the point that, at the time he examined Mr. Green, "he came to the conclusion that Mr. Green was not in a fit condition to safely drive a motor car." The hearing was adjourned until this morning.

In outlining the case, Mr. McNeill said that at about 3.30 p.m. on April 17, the defendant was proceeding south to north towards the Garden Bridge. The Chinese constable on duty had set the signals against south-north traffic. The west to east traffic proceeded to cross—a motor car, couple of rickshas and a truck. Just as the truck had reached the first tram lines, a motor car driven by the defendant came through the signals switched against him, and crashed into the truck.

Proceeding, Mr. McNeill stated evidence would show that Mr.

Green drove his car on the near side of stationary cars and crossed against a signal. A foreign Sergeant then came to the scene and asked accused to back his car. The accused apparently proceeded to put in the forward gear, a friend of his sitting beside him closed the hand brake and took away the key.

Later Mr. Green was taken to the Central Police Station, where Dr. Squires was called and put the accused through a series of tests. In closing his outline, Mr. McNeill said, "Evidence of condition of the accused at the time will be conclusive evidence."

Not Fit To Drive

Dr. Squires, who gave expert evidence on the tests he put Mr. Green through on the afternoon of April 17, at the Central Station, and underwent a thorough cross-examination at the hands of Mr. McDonald, said that at 4.05 p.m. on April 17, he was called to the Central Station and asked to examine Mr. Charles Green. "At the end of my examination," stated Dr. Squires, "I came to the conclusion that Mr. Green was not in a fit condition to safely drive a motor car. I was of the opinion that the condition was due to taking of alcohol."

In describing the tests he put Mr. Green through, Dr. Squires said, under the examination of Mr. McNeill, that first of all he observed the general appearance of Mr. Green, the appearance of his skin, tested his eyes, looked at his tongue and smelt his breath.

Dr. Squires then stated that he examined Mr. Green's nerve system, pupils, hands and tested his knee jerks. "I got him to perform the finger-nose test," continued the doctor, "A normal person should be able to put the tip of his finger on his nose without hesitation."

Tests Made

"I then made him perform the Romberg test—standing with feet close together and eyes closed and hands at his side," described Dr. Squires. "In a normal person there is no undue sway."

"He performed the lock test, giving person key and making him go to a door, insert key in the keyhole, open or lock the door and then take the key out again."

"I then tested his memory, first of all events of the day, and then recent events connected with his condition."

"I then got him to read a newspaper, walk a straight line and finally I made a few more observations on his general conditions," concluded Dr. Squires.

At the conclusion of Dr. Squires' examination-in-chief, Mr. McDonald jumped to object to not being given a copy of the medical report. He then commenced his cross-examination of the doctor, which, when the hearing was adjourned at noon yesterday, he stated he would continue for at least another hour this morning.

In reply to Mr. McDonald, Dr. Squires said that he was two

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years in Shanghai and that he had other cases connected with Section 15 of the Road Traffic Act. He added that he had not given evidence in any other case under the Act in Shanghai.

"How would you define 'was not in a fit condition to safely drive a car'?" asked the defence counsel.

"Being unable to steer car in direction he wished to steer in," came the quick reply.

Dr. Squires stated that he arrived at the Central Station at 4.12 p.m. and was asked to examine a man suspected of being drunk. At the time, he said that he did not know that there was a motor car accident.

Not Biassed

"Starting that way is likely to bias even the most unbiassed persons," queried Mr. McDonald.

"No."

"Mr. Green himself told you about the motor accident?" "Yes."

Dr. Squires admitted that he had found that after motor accidents people become nervous and shaky, but disagreed that it was more so in the case of elderly people. He replied to this when the defence counsel put to him that Mr. Green was 57 years old.

"Did you make him drive a car?" asked Mr. McDonald, continuing his cross-examination on the tests conducted by Dr. Squires.

"That was not necessary."

"Would that not be fair to him?"—"No."

Asked as to why he did not consider it fair, Dr. Squires replied that he did not think it would have been fair on surrounding people. Dr. Squires further added that there was no place where Mr. Green could do it with safety.

"Then you thought that it was better to write an elaborate report and not give the man a chance to see if he could steer the car in the direction he wished to steer in?" explained the lawyer.

"Did you know that the

Council is very anxious to get a prosecution under the Road Traffic Act?" continued Mr. McDonald with his grilling.

"No. I did not know."

"Did he (Mr. Green) of his own volition come up to you and suggest that he walk the line?"—"Yes."

"Was your dignity hurt when he made that suggestion?"—"Not at all."

The cross-examination of Dr. Squires was adjourned after he had identified a story in the April 17 issue of "The Shanghai Times," which he had made Mr. Green read as one of the tests.

Constable Testifies

In describing the accident, C.P.C. 3987, who was on point duty on Soochow Road, said that about 3.40 p.m. on April 17, he had turned on the green lights for the west-east traffic. A motor car, a few rickshas and one truck had passed across the street, and then when truck No. 17211, proceeding west to east, had reached the Bund crossing, another car, No. 11985, going south to north along the Bund, passed three stationary cars on the near side, then went ahead and collided with the truck.

When the car struck the truck, the constable stated, a foreigner, sitting next to the driver, got out and walked five or six steps and looked at the traffic signal. Then, according to the constable, he walked back to the car, waving his hand in a negative way at the driver.

The constable described that the right front wheel and bumper of the car had collided with the front right footboard of the truck. In asking the foreign driver of the car for his licence, he received just the reply, "No. No. No." Just then a foreign sergeant came on the scenes and took the situation over.

ROAD TRAFFIC ACT'S APPLICABILITY

Question Arising from Charge
Against Mr. C. H. Green

PROSECUTING COUNSEL'S SUBMISSION

The question as to whether section 15 of the Road Traffic Act, 1930, was applicable to British subjects resident in China came up for discussion in H.M. Police Court yesterday morning, when Mr. C. H. Green was charged with driving a motor car when under the influence of drink.

The point was raised by the Registrar, Mr. C. H. Haines, who said that before he asked the accused to plead, he wanted to be quite sure that section 15 of the act was applicable to British subjects in Shanghai.

Mr. John McNeill of Messrs. Hansons, who is appearing for the prosecution, put forward arguments at some length to show that the Road Traffic Act was applicable to British subjects in Shanghai.

Mr. McNeill's argument was based on two grounds. Firstly, he submitted, that since a similar offence was provided for under the Traffic Regulations of the Shanghai Municipal Council, it could not be held that the offence was one created to meet conditions peculiar in England; and secondly, the fact that there was in existence local provision for the offence, was no ground for not applying the English statute.

Former Decision Recalled

Mr. Ranald McDonald, who is appearing for the defendant, said that it was a matter of indifference to his client whether the Road Traffic Act applied or not, and he was content, therefore, to rest his legal arguments on the Registrar's decision in the case of S.M.C. v. Robert Tarbet, which was heard in H.M. Police Court on January 29, 1935, when the Registrar held that section 22 of the Road Traffic Act did not apply to British subjects resident in China.

Defending counsel reminded the Registrar that on that occasion the question of appeal was considered by the prosecution, and as nothing had come forth he was content to rest his case on the Registrar's decision. Mr. McNeill in reply said that because no appeal was lodged the Registrar was not necessarily bound by his previous decision.

The Registrar said he would have to consider the arguments put forward by Mr. McNeill and would adjourn the case until next Tuesday at 10.30 a.m.

Counsel's Argument

Mr. McNeill submitted that the basis of the Registrar's decision in the case of the S.M.C. v. Robert Tarbet, when he found that section 22 of the Road Traffic Act, 1930, did not apply to British subjects in China,—which was on the question of stopping after an accident,—was on the grounds that that section of the act was already provided for under Byelaw 36, Traffic Regulation 23, to deal with the offence.

"My submission," Mr. McNeill said, "is that that is not correct."

Counsel also submitted that Article 39, sub-section 2 of the Orders in Council, 1925, provided that the law of England was applicable to British subjects in China "as far as circumstances admit."

The important words were, of course, he said, "as far as circumstances admit," the meaning of which had recently been the subject of consideration by the full court in the lottery case appeal (S.M.P. v. Fred Ellis), when it was held that only statutes relating to matters and exigencies peculiar to the local conditions of England and not adaptable to local circumstances should be rejected.

Counsel went on to give instances where similar offences existed side by side and were punishable under different acts, and mentioned the Motor Car Act, 1903, section 1; the Public Health Act, 1925, section 75, subsection 2; the Highways Act, 1935, part of section 78.

On charges relative to driving under the influence of liquor, there were, he said four acts under which an offender could be punished—the Criminal Justices Act, 1925, section 40; the Licensing Act, 1872; the Town Police Clause Act, section 61; and the London Hackney Carriage Act, 1843.

This state of affairs was recognized, he said, and provided for under section 33 of the Interpretation Act of 1889, in which where an act or omission constituted an offence under two or more acts, or both under an act at common law, the offender could be prosecuted and punished under either or any of those acts or at common law, but he or she could not be punished twice for the same offence.

That section of the Interpretation Act explained, counsel said, section 15, sub-section 3 of the Motor Traffic Act, 1930, which provided specifically that a person charged of an offence under this act should not be liable for punishment under the Licensing Act.

File
J.H.G.
MAY 1 1935

SHANGHAI MUNICIPAL POLICE

File No.

S. 5, Special Branch, ~~XXXX~~ 6710

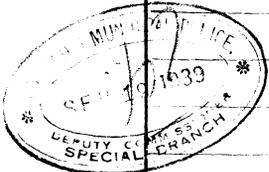
REPORT

Date: Sept. 18, 1939 ²⁹

Subject: List of Chinese bookstores in International Settlement

Made by _____ and Forwarded by D.S.I. Golder.

Forwarded herewith is a copy of the revised list of Chinese bookstores located in the International Settlement.



D. C. Golder
D. S. I.

D. C. (Special Branch).

M. G. Golder
18/9/39

FILED

REVISED LIST OF CHINESE BOOKSTORES IN THE INTERNATIONAL SETTLEMENT

<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Poh Sing (北新) Bookstore.	254 Foochow Road.	Zee Meng Zah (徐孟若)
Lee Min (黎明) Bookstore.	254 Foochow Road.	Zee Yoh Yuan (徐毓源)
Nyi Hwa (藝華) Bookstore.	267 Foochow Road.	Wei Kwei Ling (韋桂林)
Fu Wen (博文) Bookstore.	277 Foochow Road.	Li Yung Ching. (李榮慶)
Wen Yee (文怡) Bookstore.	291 Foochow Road.	Chow Wen Tsing (周文進)
Cheng Chow Kuo Kwang Zee (神州國光社) Bookstore.	294 Foochow Road.	Yu Pau Ling (俞巴林)
Nyi Wuan Cheng Song Feng Zee (藝苑真賞分社) Bookstore.	294 Foochow Road.	Zing Soong Tsung (蔡松曾)
Chung Kuo Magazine Service Bookstore (中國圖書服務社)	281 Foochow Road.	Li Chong Sung (李昌聲)
Chung Yeh Sung (中學生) Bookstore.	281 Foochow Road.	Kao Chi Tai (高紀書)
North China Bookstore (華北)	374 Foochow Road.	Hou Hsin Sun (侯興山)
Shanghai S Ling (上海書林)	376 Foochow Road.	Tsu Zai Sei (朱瑞軒)
China Magazine and Periodical Company. (中國圖書雜誌公司)	380 Foochow Road.	Doc S Ping (屠詩聘)
Zai Sing (傳新) Bookstore.	260 Foochow Road.	Zee Zau Chow (徐紹樵)
Kuo Tsai (國粹) Bookstore.	280 Foochow Road.	Oong Bai Tuh (翁培德)
Wen Hwa (文化) Bookstore.	297 Foochow Road.	King Yung Ziang (金永祥)
Chi Ming (啟明) Bookstore.	No. 5, Lane 32B, Foochow Road.	Tsu Yee (朱炎)
Wen Wei (文匯) Bookstore.	397 Foochow Road.	Wang Ching Pu (王錦波)

<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Chi Kuo (建國) Bookstore	400 Foochow Road	Chang Tse Tsung (張樹楨)
Shoong Di (兄弟) Bookstore	378 Foochow Road	Chang Yung Tuh (陳榮達)
Hai Hwa Bookstore (美華)	300 Foochow Road	Wang Tsoo Ding (汪左庭)
Goong Wu (共和) Bookstore	324 Foochow Road	S Ching Fong (史錦芳)
Erh Tung (兒童) Bookstore	424 Foochow Road	Chang Yeh Chu (張一策)
Kwang Nyi (廣藝) Bookstore	No. 2, Lane 379, Foochow Road	Chang Ying (張英)
Ju Yih (求益) Bookstore	375 Foochow Road	Hou Ching Pon (侯俊邦)
China Current Library (中國流通書籍)	No. 4, Lane 384, Foochow Road	Cheng Hung Fee (陳鴻飛)
Chang Chung (正中) Bookstore	No. 5, Lane 384, Foochow Road	Wu Tsung Zang (吳叔常)
Dah Chung S Zoo (大眾書社)	515 Foochow Road	Zung Yao Tsung (程耀春)
Kwang King (光明) Bookstore	296 Foochow Road	Wang Tse Zung (王子澄)
Tsar Tsai (作者) Bookstore	271 Foochow Road	Haung Boo Siang (黃步香)
Kai Ming (開明) Bookstore	268 Foochow Road	Tsaiung Sih Sun (章錫琛)
Jun Chung (群友) Bookstore	292 Foochow Road	Fong Tung Liang (方東亮)
Kwang Yih (廣益) Bookstore	338 Foochow Road	Chow Chou Ding (周菊亭)
Central (中央) Bookstore	No. 6, Lane 328, Foochow Road	Bing Chin Yeh (平標亞)
Han Wen Yuan (漢文淵) Bookstore	438 Foochow Road	Ling Sao Wei (林少懷)
Zu Koo (復古) Bookstore	442 Foochow Road	Cong Long Sien (翁潤仙)

<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Pah Sin (百新) Bookstore.	177 Foochow Road.	Zee Sau-ngoh (徐少鵠)
World (世界書局) Book Company.	390 Foochow Road.	Loh Kuo-nyi (陸高誼)
Dah Tung (大東) Bookstore.	310 Foochow Road.	Sun Tsing-sen (沈駿聲)
Dah Chung (大眾) Bookstore.	320 Foochow Road.	Vai Chien-kong (樊劍剛)
San Tung (三通) Bookstore.	331 Foochow Road.	Nagajima (長島)
Sin Wen Hwa (新文化) Bookstore.	4, Lane 272, Foochow Road.	Vai Tsung-ling (樊雲霖)
Sau Yih San Yang (掃葉山房)	129 Honan Road.	Moo Yung-sen (馬庸生)
Kwang Yih (廣益) Bookstore.	137 Honan Road.	Chow Chio-ding (周菊亭)
Shia Sin (曉星) Bookstore.	176 Honan Road.	Chen Sze-ming (陳慈銘)
Commercial Press (商務印書館)	211 Honan Road.	Zao Ping-nien (曹冰嚴)
Chung Hwa (中華) Book Company.	221 Honan Road.	Loh Fei Peh Hung (陸費伯鴻)
Wei Wen Dong (會文堂) Sin Kee Bookstore.	325 Honan Road.	Zee Pao Lu (徐寶魯)
Shanghai Second-hand Bookstore (上海舊書店)	197 Honan Road.	Neu Chi-sin (鈕企新)
Sin Yah (新亞) Bookstore.	159 Honan Road.	Chen Paun-tung (陳邦楨)
Dah Sin (大新) Bookstore.	152 Honan Road.	Zee Hae-dz (徐浩如)
Chung Kuo (中國) Bookstore.	197 Honan Road.	Tu Tseng-ping (杜振炳)
Loong Meng (龍門) Bookstore.	210 Honan Road.	Zee Zung-ngu (徐任吾)
Poh Wu Chow (大五洲) Bookstore.	221 Shantung Road.	Poh Wu-chow (大五洲)

<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Yu Tseng (有正) Bookstore.	203 Shantung Road.	Tan Ts-sua (董子銳)
Hor Tsung (合众) Bookstore.	143 Shantung Road.	Li Wei-zung (李威成)
Dah Fang (大方) Bookstore.	143 Shantung Road.	Li Yih-wu (李协和)
Kuo Kwang (國光) Bookstore.	143 Shantung Road.	Yien Ting-dao (顏聽濤)
Yih Sing (益新) Bookstore.	143 Shantung Road.	Wong Yu-seng (王餘)
Kwang Sin (廣新) Bookstore.	7, Lane 140, Shantung Road.	Tai Sze-ying (戴士英)
Dah Sing (大新) Bookstore.	7, Lane 140, Shantung Road.	Hwang Ping (黃平)
Wen Hwa (文華) Bookstore.	7, Lane 140, Shantung Road.	Tai Tsing (戴俊)
Kwan Ju (寰球) Bookstore.	7, Lane 140, Shantung Road.	King Kai (金愷)
Kwang Hwa (光華) Bookstore.	180 Shantung Road.	Nien Tien-ngo (嚴天我)
Li Hung Kee (李鴻記) Bookstore.	180 Shantung Road.	Loe Hung Seng (李鴻聲)
Sin Hwa (新華) Bookstore.	160 Shantung Road.	Tsu Dah Poh (朱大白)
Sih Ying (惜陰) Bookstore.	130 Shantung Road.	Wong Tso-san (王知三)
Chung Sic (中西) Bookstore.	144 Shantung Road.	Wu Tsing-kung (吳駿公)
Tan Ying Lu (蟬隱廬) Bookstore.	283 Hankow Road.	Lo Tse Ching (羅子經)
Chion Chin Dong (千頃堂) Bookstore.	296 Hankow Road.	Zia Tsoo Fang (謝祖芳)
Lai Ching Kuo (來青閣) Bookstore.	706 Hankow Road.	Yang Zou-goo (楊壽祺)
Tsung Hou (忠厚) Bookstore.	708 Hankow Road.	Li Tso-tung (李子東)
Nyi Van Tseng Shang Zoo (藝苑真賞社)	277 Hankow Road	Zing Sung Tsong (秦松曾)

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<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Europe (歐羅巴) Bookstore.	708 Hankow Road.	Moo Chion-tzung (馬全鎮)
Chi Yoh (積學) Bookstore.	714 Hankow Road.	Zoo Cha Loh (曹家象)
Foo Ching (富晉) Bookstore.	722 Hankow Road.	Wong Hao Ding (王浩庭)
Leh Hwa (樂華) Book Company.	Room 312, Yih Shing Building, 475 Hankow Road.	Chen Dai-dz (陳淡如)
Won Teh (文德) Bookstore.	680 Avenue Road.	Wang Pang-chion (汪本全)
Tung Fang (東方) Bookstore.	3, Lane 134, Avenue Road.	Zu Wei (儲 禕)
Hung Wen (宏文) Bookstore.	614 Avenue Road.	Yien Kan-cheng (晏乾成) (Sales Department)
Hung Wen (宏文) Bookstore.	614 Avenue Road.	Chiang Mei-cheng (蔣 威 成) (Whole Sale Department)
Dah Kiang (大江) Bookstore.	502 Avenue Road.	Li Ts-in (李 崇 益)
Yih Wu (協和) Bookstore.	514 Avenue Road.	Hwa Ka-tung (華 家 棟)
Yih Wu (協和) Bookstore.	824 Avenue Road.	Wu Ting-cheng (吳 易 成)
Hwa Wen (華文) Bookstore.	729 Avenue Road	Chen Zai-fah (陳 財 茂)
Lien Yih (聯益) Bookstore.	703 Avenue Road.	Kwei Foo-ling (桂 福 麟)
Lien Hwa (聯華) Bookstore.	252 Avenue Road.	Tsang Ts'asa (章 子 希)
Gin Wen (競文) Bookstore.	796 Avenue Road.	Kwei Zao-yu (桂 紹 財)
Yuan Tung (遠東) Bookstore.	1036 Avenue Road.	Yien Chang-chi (晏 昌 基)
Shanghai (上海) Bookstore.	709-2 Avenue Road.	Sien Chien-yau (宣 劍 友)

<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Yih Kuo (協記) Bookstore.	616 Sinza Road.	Wong Yung-wu (王永和)
San Sio (山西) Bookstore.	527 Sinza Road.	Sih Dah-son (薛大生)
Wu Chow (五洲) Bookstore.	527 Sinza Road.	Yang Foo-sen (楊馥生)
Siao Suh-ling (小說林) Bookstore.	472 Sinza Road.	Pang Ngo-ming (潘鶴鳴)
Sin Wen Fu (新文富) Bookstore.	9 Sinza Road.	Chiu Yoh-won (邱郁文)
Liang Ku (良友) Bookstore.	8 Kuling Road.	Fu Wu-sen (傅和生)
Wen Hwa (文華) Bookstore.	44 Kuling Road.	Zoeng Chi-iah (仲健茂)
Dah Kwang (大光) Bookstore.	64 Kuling Road.	Chen Yien-sen (陳衍孫)
Mei Hwa (美華) Bookstore.	60 Kuling Road.	Yung Tso-shiang (邢志香)
Tsu Ling (珠林) Bookstore.	16, Lane 145, Jin Fu Li (人友里), Kuling Road.	Yang K-tsa (楊克齋)
Chiu Nyi (久義) Bookstore.	88 Burkill Road.	Sun Lih-won (孫立文)
Dah Hwa (大華) Magazine Company.	746 Burkill Road.	Chion Ziang-ngo (錢祥鶴)
Dah Chung Hwa (大中華) Bookstore.	33, Lane 228, Dong Tsung Fong (同芸坊), Burkill Road.	Tsai Ching-foo (崔俊夫)
Kwan Lun (崑崙) Bookstore.	33 Sai Ka Yuan (珊家園), Burkill Road.	Yoong K-tsoo (熊克照)
Dah Hwa (大華) Magazine Company.	335 Szechuen Road.	Chion Ziang-ngo (錢祥鶴)
Dah Hwa (大華) Magazine Company.	417 Szechuen Road.	Chion Ziang-ngo (錢祥鶴)
Hwa Hwa (華華) Magazine Company.	391 Szechuen Road.	In Lih-zung (殷立成)

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<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Tung Yah (泰亞) Bookstore	104, Central Buldg., Szechuen Road.	Au Loh-tien (夏樂天)
San Sin (三星) Bookstore	337 Szechuen Road.	Yu Swai-san (虞首山)
Dah Chung (大中) Bookstore	1123 Bubbling Well Rd.	Chen Tseng-yuan (陳正元)
Hor Taung (合眾) Bookstore	1124 Bubbling Well Rd.	Li Ping-seng (李炳生)
Shanghai (上海) Magazine Company	1133 Bubbling Well Rd.	Zung Yung-keng (程永康)
Hwa Hwa (華華) Magazine Company.	1652 Bubbling Well Rd.	In Lih-zung (殷立成)
Yah Tung (亞東) Magazine Company	1593 Bubbling Well Rd.	Yang Wen-piao (楊文表)
Zin An Pen Store (靜安筆店)	219 Yu Yuen Road	Loo Zoong-ching (路仲卿)
Wu Sei (淞西) Foreign Bookstore	227 Yu Yuen Road	Au Loh-tien (夏樂天)
Loong Meng (龍門) Bookstore	231 Yu Yuen Road	Zee Zin-ngo (徐任吾)
Sin Tsing Nien (新青年) Bookstore	231 Yu Yuen Road	Chen Ping-yeo (陳秉葵)
Wuh Yoh (佛學) Bookstore	154 Yu Yuen Road	Sun Ping-hang (沈彬翰)
Tung Sing (東新) Bookstore	316 Avenue Foch	Tu Wen-tseng (杜文中)
Zih Wen (習文) Bookstore	318 Avenue Foch	Feng Tsu-kwang (馮初光)
Foo Shu (福煦) Bookstore	320 Avenue Foch	Tser Wan-dien (展文田)
Ching Sin (景新) Bookstore	1136 Gordon Road	Wong Sin-chin (王心景)
Sun Voh (生活) Bookstore	1184 Gordon Road	Sun Zui Tsang (沈瑞章)
Tse Cheng (志成) Bookstore	397 Shanhaikwan Road	Wu Ching-i ng (吳錦芳)
Dah Doong (大同) Bookstore	488 Shanhaikwan Road	Chu Ching-tsang (朱錦章)

<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Su Sin (又新) Bookstore.	164 Tatung Road.	Lun Ching-chuen (冷錦泉)
Yih Sang (益商) Bookstore.	287 Tatung Road.	Tsu Ching-tao (朱勤之)
225 (二二五) Bookstore.	Lane 322, 10/Canton Road.	Chang Sih-wei (張錫藩)
Kwan Kee (廣記) Bookstore.	Lane 322, 11/Canton Road.	Wu Kwang-nan (何廣南)
Wen Yuan (文元) Bookstore.	Lane 322, 11/Canton Road.	Chang Kung Nyi (張孔宜)
Wen Nyiah (文業) Bookstore.	Lane 322, 11/Canton Road.	Wu Kwang-nan (何廣楠)
Kuo Hwa Sin Kee (國華新記) Bookstore.	8, Lane 352, Canton Road.	Sue Wen-chung (舒文中)
Jui Chow (九洲) Bookstore.	46 Chaotung Road.	Wong Yuo-dong (王幼堂)
Hao Yung Dao (好運道) Bookstore.	47 Chaotung Road.	Lu Chi-ying (盧繼影)
Shanghai Letter Pad Co. (上海信箋公司)	36 Chaotung Road.	Tang Jien-ngo (唐堅吾)
Lung Hoo (龍虎) Bookstore.	1-3 Shanso Road.	Chang Shing-san (張鑫山)
Vai Hu (萬有) Bookstore.	7 Shanso Road.	Jang Ting-ming (姜廷銘)
Tsung Ming (春明) Bookstore.	3, Lane 10, Shanso Road.	Chen Chao Tsung (陳兆椿)
Poh Lai (博覽) Bookstore.	30 Carter Road.	Chen San-chow (陳三洲)
Sin Son (新姓) Bookstore.	83 Carter Road.	Tso Foc-dong (祝福堂)
Yung Foc (幸福) Bookstore.	4, Lane 265, Wei Leh Li (會樂里), Yunnan Road.	Tsu Liang-yui (朱良鈺)
Chung Kuo (中國) Bookstore.	32, Dah Ching Li, Yu Ya Ching Road.	Kwoh Shok-goo (郭石麒)

<u>Name of Bookstore</u>	<u>Address</u>	<u>Name of Manager</u>
Ming Sin (明星) Bookstore.	2 Chiao Chow Road.	Liu Ming-sin (劉明星)
Nyi Yuan (義園) Bookstore.	610 Changtu Road.	Wu Tien-san (吳天三)
Wen Chong (文昌) Bookstore.	10, Lane 37, Peihu Rd.	Ting Yung-ding (丁雲亭)
Zang Koh San Feng (尚古山房)	10, Lane 37, Peihu Rd.	Ting Yung-ding (丁雲亭)
Wei Ming (惠民) Foreign Bookstore.	226 Avenue Haig.	Tsai Ngo Keng (崔吾根)
Tseng Hwa (震華) Bookstore.	3, Lane 300 Myburgh Road.	In Tseng-wei (殷正為)
Dah Kwan (大觀) Bookstore.	76 North Thibet Road.	Chiao Lu-taing (喬露青)
Tai Shing (泰興) Bookstore.	88 North Thibet Road.	Zung Voong-tsu (程風初)
Hwa Dah (華大) Bookstore.	166 North Thibet Road.	Dien Ching-hao (田錦浩)
Wei Yih (萬葉) Bookstore.	11, Lane 923, Haining Rd.	Chien Chuen-dao (錢君匋)
Christian Literature Society Bookstore (廣學會)	130 Museum Road.	Mak Wei-gee (麥穗岐)
Association Press of China (青年協 會)	131 Museum Road.	Chang Sa-tseng (張士章)
Zun Mei (人美) Bookstore.	6, Lane 350, Kiukiang Road.	Wu Yih-lu (吳頤廬)
Mai Lee (曼麗) Bookstore.	6, Lane 350, Kiukiang Road.	Wu Yih-lu (吳頤廬)

FLASH

NO.

1

D-6717

SHANGHAI MUNICIPAL POLICE.

File No.

S.I., Special Branch *11/12/37*

REPORT

Date Dec. 10, 1937.

Subject (in full) Recruiting of policemen and detectives by the French Police.

Made by and Forwarded by D.I. Crawford

With reference to the attached translation from the "Ta Kung Pao" of December 8, 1937, enquiries show that the French Police about one week ago commenced recruiting Chinese applicants for their Police Force, which is to be increased by an additional 300. There is no special significance in this recruiting according to the French Police.

Further recruiting has also taken place over a plan to form another company to be known the 3rd for the Russian Auxiliaries. The strength is given as 125 men.

C. Crawford
D. I.

D. C. (Special Branch)

DBR
12/12

CP
11/12

Jili
DBR
12/12



Ta Kung Pao and other local newspapers: 8-12-37 (2M.)

FRENCH POLICE RECRUITING POLICEMEN AND DETECTIVES

The population in the French Concession has considerably increased owing to the war; many bad elements have also entered the Concession. The period for winter precautions has arrived and the precautionary measures in the district should be strengthened.

The French Police have commenced recruiting several hundred Chinese policemen and detectives so as to be in a better position to maintain peace and order.

30 6711
3 27

February 17, 37.

Commandant I. Fabre,
Directeur des Services de Police,
French Concession.

Dear Commandant,

It is most kind of you to send me a book
of photographs of your Review. We were much
impressed by the very smart turn out and thought it
an excellent parade.

Again very many thanks,

Yours sincerely,

(Sd) K. M. Bourne.

請詳見左

初四姚吉友兄持來本年度

上半年之廣告其詳見左

括之正此上而公

之友

吳農花鞠躬

三月廿一日

上海福爾摩斯報館廣告部

南京路九號電話九一九四號

D - 6712

↓

D - 6713

FORM 100-135

202-C
SHANGHAI MUNICIPAL POLICE

File No. 6712

Section 2, Special Branch
REPORT

Date August 17, 1936

Subject N. V. Morozoff-Shivereff.

Made by D.S. Tcheremshansky Forwarded by J. Boyer D.S.I

Diligent enquiries have failed to locate the present whereabouts of N. V. Morozoff-Shivereff, Russian, who forms the subject of the attached file (D.6712). It is reported that he left Shanghai either for Tientsin or Hankow. Some time prior to his departure he sent to D.S. Kourjansky a chit (vide attached translation) to the effect that he had no documents in his possession relating to the Russian Orthodox Confraternity.

Tcheremshansky
D. S.

FILE
JR

D.C. (Crime & Special Branches)

Translation

To Mr. Kourjansky, Room 604.

Herewith all documents which I have retained during my wanderings from one lodging house to another. I have no more papers relating to the Russian Orthodox Confraternity.

(Signed) N. Morozoff.

ГОСПИТАЛЬ
РУССКАГО ПРАВОСЛАВНАГО
БРАТСТВА

260-262, Rue Mgr. Maresca
Phone 71682

THE RUSSIAN ORTHODOX
CONFRATERNITY'S HOSPITAL.

REGISTRY
No. 6712
Date 25-11-35

Shanghai, November 22nd 1935

K.M. Boume, Esq.
Acting Commissioner of Police

Dear Sir,

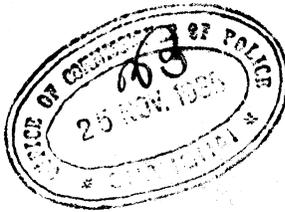
I am in receipt of your letter of November 20th, 1935, on the subject of unauthorised collection of money by N.V. Shiveroff, as well as of three certificates, issued one in 1933 and two in 1934.

I beg to inform you that this man still has a certificate issued by me personally about nine years ago, and as it is the most important one I shall appreciate it very much if you could find it possible to obtain it too.

Yours truly,

D.C. (Special Branch)

PA.
25 NOV. 1935



Superintendent of the
Hospital.

D.S. Tcheremetskyy

S.R. 25/11

S2
For further action on the
lines indicated. J.K.

25 NOV 1935

No. S. B. D. 6712
Date 21-11-35

November 20 35.

Dr. D. Kasakoff,
Russian Orthodox Confraternity Hospital,
260-262 Rue Maresca,
Shanghai.

Sir,

With reference to your letter dated May 11, 1935, on the subject of unauthorised collection of money for an artificial leg by one N.V. Merosoff - Shevireff, I have to state that this individual has been located and the following certificates issued to him by the Russian Orthodox Confraternity Hospital have been obtained and are attached herewith :-

x Attached
-abb 21/11

- x 1. Certificate in Russian issued by Nurse E. Kesselman on May 29, 1933.
- x 2. Certificate in English issued by Matron G. Beleroockoff on July 16, 1934.
- x 3. Certificate in English and Russian issued by Matron G. Beleroockoff on July 16, 1934.

I shall be glad if you will kindly acknowledge receipt of the above certificates.

I am, Sir,
Your obedient servant,

(Sd) K. M. Bourne.
Acting Commissioner of Police.

JMG
20 NOV. 1935

G.K.Y. (c)
SHANGHAI MUNICIPAL POLICE.

File No. 6712
11-11-35

S. 2, Special Branch, ~~SHANGHAI~~

REPORT

Date: November 18, 1935.

Subject: N.V. Shevireff-Morosoff - Further report.

Made by: D.S. Tcheremshansky. Forwarded by: *J.B.R. D.S.*

Shevireff-Morosoff was located by D.S. Kourjansky at Chapei where he has no permanent abode and is sleeping in different Chinese lodging houses. He is engaged in peddling flowers near the entrances of amusement resorts on Jukong Road. Shevireff-Morosoff promised D.S. Kourjansky that he would bring all the documents issued to him by the Russian Orthodox Confraternity Hospital but failed to do so until after D.S. Kourjansky's departure on short leave. The documents concerned and attached herewith are:

1. Certificate in Russian that N.V. Shevireff was a patient at the Hospital of the Russian Orthodox Confraternity from April 16 until May 29, 1933 issued by Nurse on duty E. Kesselman on May 29, 1933.
2. Certificate in English that N.V. Shevireff-Morosoff was a patient at the Hospital of the Russian Orthodox Confraternity from June 4 to July 16, 1934 issued by Matron G. Belorookoff on July 16, 1934.
3. Similar certificate in English and Russian issued by Matron G. Belorookoff on July 16, 1934.

Tcheremshansky
D. S.

52

D. C. (Special Branch). Is Shevireff - Morosoff agreeable to have the certificates sent to Dr Kasakoff? *J.B.R.*

D.C. Special Branch | N.V. Shevireff-Morosoff has no objection to the certificates being sent to Dr. Kasakoff. J. Tcheremshansky 20, 11, 35.

As a result of further enquiries, the undersigned located Shevireff -Morosoff on the 12-II-35 in the vicinity of N.Szechuen and Jukong rds, and he promised to search for the documents in question and bring them along to the Police on the 13-II-35. He however, has failed to put in an appearance.

D.S.Kourjansky

U.K.Y. (c)
SHANGHAI MUNICIPAL POLICE.

File No.

S. 2, Special Branch, ~~XXXXXX~~ 6712

REPORT

Date. October 30, 1935.

Subject..... Attached letter from the Russian Orthodox Confraternity.....

Hospital.

Made by D.S. Kourjansky.

Forwarded by D. S. I. Boyce

Enquiries made by the undersigned with a view to locating Mr. N.V. Shevireff-Morosoff, resulted in the information that the latter has been in the habit of sleeping in one of Chinese lodging houses on North Chekiang Road, near the North Railway Station.

Several lodging houses in the above locality were visited by the undersigned and C.D.S. 155 on the 29.10.35, but the wanted man could not be located. He is known to one of informers of the undersigned, who was instructed to trace his present whereabouts.

A further report will be submitted in due course upon him being located and interrogated.

D. S. Kourjansky
D. S.

D. C. (Special Branch).

ГОСПИТАЛЬ
РУССКАГО ПРАВОСЛАВНАГО
БРАТСТВА

260-262, Rue Mgr. Maresca
Phone 71682

THE RUSSIAN ORTHODOX
CONFRATERNITY'S HOSPITAL.

MUNICIPAL POLICE
S. B. REGISTRY.

D. 6712
Date 13 / 5 / 1935

Shanghai, May 11th, 1935

The Commissioner of Police Force.

Dear Sir,

**No previous
word in Sp.
Mr. Reg. In. 12/5*

I beg to inform you that a certain Mr. N.V. Morosoff-Shevireff is collecting money for an artificial leg, showing to people a document signed by me.

The document in question has been given him not to collect money, but as a certificate that he has been under treatment at our Hospital.

As I consider that Mr. Morosoff has abused our confidence and is using illegally the document in question, I have the honour to ask you to give orders to take away from Mr. Morosoff the document in question.

Yours truly,

*\$2, For attention
please.*

*J.M.
APR 1935
13:5:25*

*D.S. Tcheremshinsky
R.D.S.
May 14, 1935*

6713
25 11 36
November 25, 1936

- 4 -

Japanese Cotton Mills in Eastern District - Situation

The situation in the Japanese cotton mills in the Eastern District this morning, November 25, is normal.

Miscellaneous

Arrival of Chao Pan-fu (趙法夫), Chinese Government Delegate to the International Labour Conference, at Shanghai

Mr. Chao Pan-fu, Chinese Government Delegate to the International Labour Conference in Geneva, arrived at the Shanghai and Hongkew Wharf, Broadway East, at 10.40 a.m. November 24 by the s.s. "Conte Rosso." Some 400 Chinese representing local various seamen's organizations assembled at the Wharf to welcome him.

National Federation of Foreign Style Medicine Trade Associations - Meeting

Five committee members of the National Federation of Foreign Style Medicine Trade Associations held a meeting at 3.30 p.m. November 24 at 16 Lungmen Road, and passed a number of resolutions relating to the formation of a Foreign Style Medicine Promotion Co-operative Society.

Chinese Chamber of Commerce - sends telegram to Nanking

On November 24, the Chinese Chamber of Commerce sent a telegram to the Ministries of Finance and Industry transmitting the request of the Ming Foong Paper Manufacturing Company, Lane 74, No.3 Ningpo Road, that the exportation of cloth rags be banned in order to maintain the supply of material for the manufacture of paper.

17742

6713

25-11-36

THE CHINA PRESS, WEDNESDAY, NOVEMBER 25, 1936

China Labor Delegate Back From Geneva

Chao To Proceed To Nanking To Report On Conference

Mr. Chao Peng-hu, Chinese laborers' delegate to the recent International Labor and Maritime Conferences at Geneva, returned here yesterday morning aboard the s.s. Conte Russo.

Upon his arrival he was greeted by a group of representatives from local government, industrial and commercial circles, including Mr. Wu Wen-tien, Sectional Chief of the Ministry of Industries, Mr. Cheng Hai-feng, Director of the China Branch of the International Labor Office, Mr. Hsueh-fang of the China General Labor Union, and Mr. Wang Chih-shang, General Secretary of the China Industrial Federation.

Interviewed, Mr. Chao expressed gratification over the recent World Maritime Conference, during which China's proposals concerning the equal treatment of maritime workers and abolition of contract labor were adopted. China, he said, has also been elected to the Joint Maritime Committee organized by the 48 participating countries. The committee will meet once a year.

Mr. Chao will proceed to Nanking shortly to report to the Central authorities on the result of the Geneva conferences.

S-1 - file
Chao BR

6713
25-11-36

Extract from Intelligence Report dated Nov. 25, 1936

Arrival of Chao Pan-fu, Chinese Government Delegate
to the International Labour Conference, at Shanghai

Mr. Chao Pan-fu (趙班斧), Chinese Government
Delegate to the International Labour Conference in
Geneva, arrived at the Shanghai & Hongkew Wharf, Broadway
East, at 10.40 a.m. November 24 by the s.s. Conte Rosso.
Some 400 Chinese representing local various seamen's
organizations assembled at the Wharf to welcome him.

Regiois
25/11/36
Please file
Chao Pan-fu

SHANGHAI MUNICIPAL POLICE.

File No.

Special Branch *6713*

REPORT

Date Nov. 23 *21* / *11* 1936 *36*

Subject (in full) Arrival of Chinese Delegate to the International Labour Congress at Geneva.

Made by and Forwarded by Supt. Tan Shao Liang.

X
Shao H'keng
wharf
DR

A telephone message was received this morning from the Woosung-Shanghai Defence Commissioner's Headquarters stating that between two to three hundred seamen will assemble at the Kung Woo Ziang Wharf (*公和棧*) at 9 a.m. November 24, to greet Mr. Chao Pan Fu (*趙班符*), Chinese Government Delegate to the International Labour Congress in Geneva, who is expected to arrive by the s.s. "Conte Rosso" at that time. The Municipal Police are requested to detail uniform and plain clothes men to the jetty to maintain order.

D.C. (D.M.)

Tan Shao Liang
Superintendent.



C. (Special Branch)

Distribution :

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S.I.

DR

24 11

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Mr. Chu Hsueh-fang

Labor Delegate Returns From Geneva Meeting

Says Action There Will Help End Opium Habit For Chinese Workers

After attending the Geneva Labor Conference and making an extensive investigation tour through Europe, Mr. Chu Hsueh-fang, China's workers' delegate, returned here on board the Conte Verde yesterday. Mr. Chu was welcomed by a large group of representatives of the Shanghai General Labor Union, the local Kuomintang Headquarters and other public bodies of the city.

To pressmen, Mr. Chu gave a short resume of the proceedings of the Geneva conference which particularly affects China. One of the most important pieces of work of the recent session, he said, was to pass a resolution aimed to help eradicate the opium habit among Chinese workers abroad.

This proposal, Mr. Chu explained, was put before the Labor Conference for discussion through the motion jointly made by himself and the French labor delegate. After a thorough study made by the various experts and the members of the national delegation, a resolution was passed by the meeting which will materially aid the Chinese laborers stationed in the different countries of the world in freeing themselves from the drug curse.

Asks Higher Wages

Another plank advocated by Mr. Chu was to give Chinese workers in foreign countries the same treatment in wages and hours as native employees. It was pointed out that Chinese labor, according to the present status, usually gets less remuneration in either skilled and unskilled jobs than the country's own nationals.

Furthermore, the usual hour-limit enforced for the native workers are not strictly carried out in the case of Chinese workers. All these inequalities against this country's oversea laborers are to be abolished according to Mr. Chu's motion made before the international parley.

To study the various problems connected with Mr. Chu's program and to collect data in different countries where Chinese labor is employed, a special committee was named by the conference. This committee will make out an inter-

national pact which will come up for adoption when the Conference convokes again in 1938.

If the provisions of the multilateral pact are carried out, Chinese labor abroad, for years subjected to injustice, will ultimately receive a square deal—as square a deal as working men of other countries, it was pointed out.

Explained Smuggling

During his stay in Geneva and in other cities of Europe, the Chinese delegate had the opportunity of explaining the rampant smuggling that is going on in North China. At the conference, a report devoted to the flow of contraband in this country was presented. This report, Mr. Chu said, was later given by him to the international press representatives gathered in Geneva.

Mr. Chu reported yesterday that those whom he met both officially at the conference and unofficially through his travels, were sympathetic with the smuggling problems of China. After listening to the huge losses in Customs revenue and the acute industrial and business depression rendered more widespread as a result of the free flow of contraband, the members of the various national delegations urged that a strong stand should be taken by the Chinese Government in dealing with the problem.

Mr. Chu was greatly impressed with the remarkable progress of labor organization in Europe. In any of these European countries, he said, there is a labor federation at the head of all regional labor organizations, and these labor organs are well protected by the government.

Better Educated

In the opinion of Mr. Chu, laborers in foreign countries are much better educated and treated than Chinese workers. Although they only work 48 hours a week, the efficiency of their work is far higher than that of Chinese workers. He attributed this fact to the higher standard of education and better working conditions in foreign countries.

Mr. Chu started his investigation tour immediately after the conclusion of the International Labor Conference. He has visited France, Italy, England, the Netherlands, and other countries in Europe during his tour. He is leaving for Nanking tomorrow to report to the Central authorities on the result of his trip.

REGAL NUMBER
S. B. No.
S. B. D. 673
Date 27 8 36

Handwritten notes: "S. B. D. 673" and "File" with a signature.

Central China Daily News and other local newspapers:

THE 20TH INTERNATIONAL LABOUR CONFERENCE

In an interview with a reporter of the Central News Agency, Lee Ping Han (李平漢), Chinese delegate to the recent International Labour Conference at Geneva and at present member of the Executive Committee of the International Labour Bureau, made the following statement:-

"I am leaving for Europe via Siberia on January 19. All matters relating to the selection of a delegation and the proposals to be submitted to the forthcoming International Labour Conference this year have been discussed with the authorities."

According to information from the China Branch of the International Labour Bureau, the 20th International Labour Conference will be held in June this year.

Central China Daily News (Nanking Telegram):

NEW CHIEF OF CHINESE TELEGRAPH ADMINISTRATION

Wen Yoh Ching (文統廣), Director of the Bureau of International Telegraphs, has been transferred as Chief of the Telegraph Administration of the Ministry of Communications. For the time being, his work will be undertaken concurrently by Pao Koo Yong (包可永), Director of the Shanghai Telegraph Administration.

D.6713

SHANGHAI MUNICIPAL GOVERNMENT S. B. RECEIPT
No. D. 6713
Date: Nov. 11, 1935

November 6, 1935.

orning translation.

CHINESE REPRESENTATIVE TO THE INTERNATIONAL LABOUR BUREAU
GOES TO NANKING

Li Ping Heng (李平衡), Chinese representative to the International Labour Bureau, who returned to China from Italy on November 4, left for Nanking at 11 p.m. November 5 by train to make a report to the National Government concerning his mission to the 19th International Labour Conference.

D.6713
SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D. 6713
Date 15:1 8. 135

August 15, 1935.

Morning translation

RETURN OF CHINESE DELEGATE TO INTERNATIONAL LABOUR
CONCESSION

On August 14, Wong Ching Yah (王錦霞), the labour representative to the International Labour Conference called at the Central People's Movement Committee and the Ministry of Industry to submit a report on his mission.

D.6713

GENERAL POLICE	
REGISTRY.	
No. 6713	
10-8-1	155

August 8, 1935.

Afternoon translation.

THE INTERNATIONAL LABOUR CONFERENCE

Woo Veng Tien (吳國天), advisor to the Chinese delegates to the International Labour Conference, arrived here on the morning of August 7. He called at the Ministry of Industry and submitted a report on his mission to Chen Kung Pu, Minister of Industry.

B.6713

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. <u>D 6713</u>
Date <u>6.1.8.1</u>
August 5-6, 1935.

Chinese delegates to International Labour Conference-
return to Shanghai

Wong Ching-Yah (王锦亮) and Wu Vung-tien (吴闻天)
two Chinese delegates to the International Labour
Conference, who left Shanghai for Geneva on May 10, 1935
returned here on August 4 in the s.s. "Conte Verde".
They are now residing in the New Asia Hotel, 430
Tiendong Road.

11343

NO. 1	6713
S. B. D.	5 8 35

Envoys Back From Labor Meet; Factory Inspection Said Studied

Messrs. Wu Wen-tien and Wang Chin-hsia, Chinese delegates to the 19th International Labor Conference, recently held in Geneva, returned here yesterday afternoon aboard the Conte Verde.

The two delegates were met at the Custom Jetty by Mr. Li Ta-chao, representative of Mayor Wu Teh-chen, and Mr. Chu Hsueh-fan, representative of Chinese Labor Union.

In an interview given to newspapermen following his arrival Mr. Wang said that a special meeting was opened to discuss the problem of factory inspection in Shanghai but no decision was reached. Other questions discussed at the meeting, according to Mr. Wang were the reduction of working hours, the unemployment situation and the opening of an Asiatic Labor Enquiry conference.

Members of the meeting are satisfied with the carrying out of the resolutions reached at the previous conference by the Chinese government, Mr. Wang said.

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NY
 8 AUG. 1935

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D.6713.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6713
Date 4/8/35

Morning translation.

August 4, 1935.

RETURN OF CHINESE DELEGATE OF LABOURERS TO THE INTERNATIONAL
LABOUR CONFERENCE

Wong Ching Ya (王锦霞), delegate of Chinese labourers to the 19th International Labour Conference, and Wu Vung Tien (吴闻天), his advisor, returned to Shanghai at 2 p.m. yesterday on the Conte Verde.

Wong made the following statement to newspapermen:- "In connection with the question of the inspection of factories in the foreign settlements in China, delegates of labourers of various foreign countries spoke, during the sessions of the International Labour Conference on both the advantages and disadvantages of inspection. Afterwards, the International Labour Bureau held a meeting to hold a special discussion of the question, delegates of Britain, America, France, Japan at which ~~countries were present~~ and other countries were present. The atmosphere of the meeting was very good."

Wong and Wu will proceed to Nanking by train on the evening of August 4 to make a report to the National Government.

10938

JIANGHAI MUNICIPAL POLICE

S. B. REGISTRY

No. S. B. 6712

Date

I.L.O. INTEREST IN LOCAL FACTORIES

Plea for Inspection Right Reiterated in Geneva

Geneva, June 17.

In response to the plea of Mr. Li Ping-cheng, Chinese delegate to the International Labour Conference now in session in Geneva, that social legislation was made particularly difficult in China by reason of the fact that foreign concessions do not permit the inspection of factories within their jurisdiction, the International Labour Office declared itself to-day interested in the problem.

Despite the fact that five countries represented at the I.L.O. are concerned in this particular situation, the members of the Bureau said that they would always be disposed to make efforts to improve the situation.

File
14

[Handwritten signature]

10918
SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

THE SHANGHAI SUNDAY TIMES, JUNE 16, 1935

6713
Date 7 1 6 1935

Chinese Delegate To I.L.O. On World Depression

Says That Only International Action Can Help
To Remedy Situation; Says Authorities Of
Concessions Hinder Factory Inspection

GENEVA, June 15. — Joining with other speakers of diverse nationalities in congratulating the Director of the International Labour Office, Mr. H. B. Butler, upon his impartial delineation of the economic forces at work in the world, Mr. Li Ping-heng, governmental delegate from China to the conference of the I.L.O., expressed his opinion on the current economic situation.

After five years of economic depression, he said, the signs of recovery are as yet limited. The essential cause of the crisis exists in the reduction of consumption, which in turn results in unemployment. In order to remedy the situation it is necessary to increase the purchasing power of the populations of the world.

A number of nations, he went on, have tried to better conditions through a programme of public works, through reduction of work-

ing hours, in organizing industry and adopting various monetary policies. But so long as these States continue to attack the problem from the national standpoint, the results of their efforts can only be temporary and localized.

The delegate from China expressed his firm belief that nationalistic attempts to solve the problem, when they are in harmony with a plan of international collaboration, will result in general recovery in a more immediate future.

Despite obstacles of all sorts, the government of China is not neglecting its duty to protect the rights of the working classes, he declared. He went on to describe the social legislature in effect in this country, pointing out the difficulties in the situation, which lie largely in the fact that Concession authorities will not permit inspection of the factories in foreign-operated Concessions.

Mr. Li Ping-heng closed his remarks by calling upon the delegates of the countries concerned and the International Labour Organization to lend their aid to the cause of China.—Havas.

File
17 JUNE 1935

116

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SERIALIZED FILED
JUN 16 1935
6713
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June 16, 1935.

Morning Translation.

Min Pao published the following telegram from Geneva on June 15:-

CHINESE GOVERNMENT DELEGATE ADDRESSES THE INTERNATIONAL LABOUR CONFERENCE

6713

The International Labour Conference commenced on June 14 to discuss the report submitted to the Conference by the President of the International Labour Conference, when Mr. Li Ping Heng (李平衡), the Chinese Government delegate to the Conference stated that although various measures had been devised individually to ameliorate the present financial crisis faced by all the nations of the world, no definite result had so far been achieved. This was no doubt due to the lack of the people's purchasing power internationally. Therefore the fundamental policy to relieve the present situation is international cooperation. As regards China, she has never neglected her duty to devise ways and means to accord protection to the labouring classes though she is at present facing all kinds of difficulties. The Chinese Government has already promulgated a set of labour laws for the benefit of labour. Unfortunately the enforcement of these laws cannot be made universal owing to the fact that the authorities of the various foreign concessions in China refuse the inspection by the Chinese Authorities of various factories established by both foreigners and Chinese, situated within their jurisdiction. This action on the part of the administrative organs of the foreign concessions in China is greatly handicapping the work of the Chinese Government.

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In conclusion, the Chinese delegate requested the representatives to the Conference of the various nations and the International Labour Organization to render assistance to China in order to enable her to overcome this difficulty.

Shanghai Morning Post (official organ of Gen. Chiang Kai Shek) and other local newspapers:

RISE IN THE PRICE OF RICE OWING TO DROUGHT

16110

Since the advent of summer, the drought has been strongly felt throughout Shanghai and its environments, and has greatly affected the crops and the farmers. The appearance of locusts, which are now abundant in Pootung districts, has caused further damage to crops.

This has caused a shortage of rice in Shanghai and as a result the price of rice is rapidly rising. According to information secured by this paper, the price of rice has increased over \$0.50 within the last week, and now the best quality of rice is sold at \$13.80 per picul, while foreign or Saigon rice is worth \$11.20 per picul. It is to be hoped, therefore, that the authorities concerned will immediately devise ways and means to ameliorate the condition of the farmers so as to avoid them experiencing the hardships of former years.

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X

SHANGHAI MUNICIPAL POLICE.

File No. 6713

S. 1, Special Branch 5135

REPORT

Date: May 13, 1935.

Subject: Chinese Delegation to the International Labour Conference
at Geneva

Made by: D.I. Sih Tse-liang Forwarded by: H. Gault C.S.I.

The Chinese delegation to the International Labour Conference which is scheduled to take place at Geneva in June, 1935, consists of the following representatives:-

Li Ping-heng (李平衡), Chief of the Labour Department of the Ministry of Industry and Committee member of the International Labour Bureau.

Pao Hwa-kuo (巴華國), Assistant Committee member of the International Labour Bureau.

Wong Ts-sung (王志聖), claiming to be General Manager of the Kien Nieh Machine Manufacturing Co., Ltd., 36 Baikal Road. He was a member of the delegation to the Conference in 1934.

Wong Ching-ya (王錦霞), Committee member of the Wharf Coolies' Union at Hankow.

The first two mentioned delegates, who left China sometime ago, will represent the National Government at the Conference. They are assisted by one named Yang Teh-chiao (楊德翹), a Section Chief of the Ministry, who will act as their advisor.

The third mentioned delegate, who will represent employers at the conference, was recommended to the Ministry of Industry by the Chung Hwa Industrial Federation, 115 Hankow Road, and the National Chinese Chamber of Commerce, 59 Hongkong Road. He is assisted by Koo Ping-yuen (顧炳元), factory manager of the Hwa Feng Enamelling Co., Ltd., as advisor, and by Chang Hwa-lien (張華廉), son of Chang Shou-yung, ex-Vice Minister of Finance, as secretary.

The last mentioned delegate was appointed by the

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

- 2 -

Ministry of Industry to represent Chinese labourers at the Conference. He has one advisor named Wu Wen-tien (吴闻天), a section chief of the Ministry and one secretary named Chang Tao-ming (张导民), Committee member of the Hupeh Provincial Kuomintang Headquarters.

The proposals which the delegation will submit to the Conference were prepared by the Ministry of Industry, and, although full details are not available, may be classified into the following categories :-

1. To prohibit the dumping of foreign goods in China.
2. To devise relief measures for unemployment among juveniles.
3. To devise ways and means to enable the Chinese Government to carry out factory inspection in the foreign settlements in China.
4. To improve the treatment accorded to Chinese labourers in the East Indies.

Sik Ju Liang

D. I.

D.C. (Special Branch).

File
JMG

13 MAY 1935

SHANGHAI NO. 10895
S. B. K. G. I. I.
No. D 6713
Date 14 | 6 | 35

Geneva Favors Adoption Of 40-Hour Week

Resolution Passed By ILO
Also Demands Mainte-
nance Of Living Standard

Factory Groups For
Inspection Here Named

GENEVA, June 12.—(Transocean).—A resolution advocating the universal 40-hour working week, submitted by the labor representatives at the International Labor Conference, was adopted today by 57 to 43 votes.

Since this resolution simultaneously demands the maintenance of the previous standing of living for the workers, the disputes between the employers and the laborers as to its practical application are likely to be continued, the same as in previous years, more especially so, since the conference had to abandon the idea of setting up a committee for the examination of this question on the employers announcing their intention of refusing to sit on such a committee.

A convention establishing the 40-hour working week, as demanded by the resolution, could only be formed if there was a two-thirds majority in its favor, which could only be attained, if the government representatives, who abstained from voting today, should cast their votes in its favor.

Factory Group Named

NANKING, June 13.—(Kuomin).—At the suggestion of Mr. Li Ping-heng, delegate to the International Labor Conference, a committee has been organized in Geneva to discuss the question of factory inspection in the foreign settlements in China according to a cable from Geneva.

The committee is composed of representatives of China, Great Britain, France, Italy and Japan. The first meeting of the committee is scheduled for June 15. A memorandum, it is understood, will be submitted to the committee shortly by the Chinese representatives.

File
119

6713
D.C. (CRIME)
27 5 35

May 27, 1935.

Afternoon Translation.

Sin Wen Pao and other local newspapers (Nanking Telegram).

DRAFT OF THE INTERNATIONAL LABOUR AGREEMENT

Information secured from the Legislative Yuan reveals that the following draft of the international labour agreement has been approved by the National Government for enforcement:-

- 76713
See page 5
- (1) Agreement fixing the minimum wages of workers.
 - (2) Agreement fixing the standard weight of heavy parcels for transportation and navigation.
 - (3) Agreement granting industrial workers one day holiday every week.
 - (4) Agreement permitting agricultural workers to organize clubs or unions.
 - (5) Agreement governing the payment of equal compassionate grant to foreign and native labourers in case of injuries.
 - (6) Agreement governing protection against injuries for coolies working at discharging cargoes on ships.

Similar procedure as that mentioned in item 1 will be adopted in the revised regulations governing the inspection of factories, therefore the National Govt., when approving it, made it known that this agreement is applicable only to those factories mentioned in Article 1 of the revised regulations governing factory inspection. The National Government will put it into force when this agreement becomes applicable in China. As item 4 closely resembles the Chinese laws governing peasant unions, its enforcement is, therefore, within the proper sphere of Chinese rights. The national Government is at present drafting regulations for the enforcement of the agreement mentioned in item 3, while that in item 5 will be put into effect without any regulations for its enforcement being devised, owing to the simplicity of its contents. The remaining two agreements mentioned in items 2 and 6 are being enforced by the administrative organs concerned.

The following agreements are still pending consideration by the National Government:

- (1) Agreement governing the employment of female workers before and after childbirth.
- (2) Agreement governing the employment of female workers for night work.
- (3) Agreement governing the age limit of child workers.

In addition to the above, there are other numerous draft agreements which still require careful study by the National Government before they can be enforced, as the Central Government deems it necessary to obtain a clear understanding of these agreements from the respective administrative organs concerned. These organs have now been instructed by the Nanking Government to make a careful study on the present economic and labour conditions within China, and submit those agreements which are deemed adaptable to the circumstances prevailing in China to the Legislative Yuan for consideration in accordance with judicial system.

China Evening News and other local newspapers (Peiping telegram):

BANDIT LEADER SUNG YUNG JING KILLED

General Yu Hsueh Chung, Chairman of the Hopei Provincial Government, states that the bandit leader Sung Yung Jing has been killed in an attack made by Chinese and Japanese troops and that the trouble can be settled in a few days.

D.6713

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D. 6713
Date May 11 1935

May 11, 1935.

Chinese Delegates to the International Labour Conference
- leave for Geneva

Wong Ts-sung (王素聖) and Wong Ching-yah
(王錦霞), Chinese delegates to the International
Labour Conference to be held in Geneva, accompanied
by four secretaries, left Shanghai for Europe by the
s.s. "Conte Rosso" on May 10.

May 11, 1935.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6713
Date 11 / May / 1935



China Evening Newspapers and other local newspapers:

CHINESE REPRESENTATIVES TO THE INTERNATIONAL LABOUR
CONFERENCE LEAVE FOR GENEVA

At noon May 10, Wong Tse Sung (王志勝), the representative of Chinese employers to the 19th International Labour Conference, and Wong Ching Yah (王佛霞), the representative of Chinese employees, accompanied by their advisors and secretaries, left for Geneva on board the Italian liner Conte Rosso. Ling Kong Hou (林康侯) of the National Chambers of Commerce, Loh Ching Sz (洛景士) and Tsu Hsueh Van (朱學凡) of the General Labour Union, Zung Hai Foong (鍾海丰) of the China Branch of the International Labour Bureau and Li Ho Jao (李武高) of the Central Factory Inspectorate at Nanking saw them off at the jetty.

Approached by our reporter at the Customs Jetty, the two representatives stated that while at Geneva they will work for the welfare of Chinese labourers and will request the International Labour Conference to find a fair solution of the problem of the inspection of factories in the foreign Settlements of China.

China Evening News published the following editorial on May 10, 1935:-

The delegates of Chinese employers and employees to the International Labour Conference have left for Geneva. The most important proposals that the delegate of employees will submit to the Conference are the dumping of goods in China and the question of the inspection of factories in the foreign Settlements of China.

The International Labour Conference should give attention to the following points:-

- 1) Foreign countries are dumping goods in China. This policy will bring about a reduction in the wages of labourers in China and foreign countries and increase the number of the unemployed.
- 2) Capitalists are using more machinery. They do not care whether the markets are in a position to absorb their products. As a result, labourers will be thrown out of employment and over-production will follow.
- 3) The several hundred thousand labourers in Shanghai are not adequately protected from accidents because the question of the inspection of factories in the foreign Settlements has remained unsettled. The inspection of factories is a right which belongs to the government. Nevertheless, the Settlement Authorities in Shanghai are unreasonably obstructing the Chinese Government. Fatal accidents in the factories of the Settlements have been of frequent occurrence, but the Chinese Authorities cannot do anything. The sole mission of the International Labour Conference is to look after the welfare of labourers, therefore, the Conference should correct the attitude of the Shanghai Settlement Authorities in the matter of the inspection of factories in the Settlements.
- 4) Chinese labourers in foreign countries are being badly treated and the International Labour Conference should take action.

D.6713

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9 5 35

May 9, 1935.

Morning translation

THE DELEGATES TO THE INTERNATIONAL LABOUR CONFERENCE

The Association of office mates of the China Branch of the International Labour Bureau will entertain the Chinese representatives of the employers and employees to the 19th International Labour Conference at noon to-day at the Yih Yue Club (益友社), Hankow Road. Many local prominent persons will be present.

D.C. (CRIME)

SECRET - NOT FOR PRESS PUBLICATION

SHANGHAI MUNICIPAL POLICE
SPECIAL BRANCH
.....



No. S. E. D. 6713

INTELLIGENCE REPORT

Political

May 9, 1935.

Movement of Notables

To Nanking

Departed at 11 p.m. May 8 :-

Yih Kung-tseh, member of the C.E.C. of the Kuomintang.

Chen Hung-nyien, -do-

Hsu Sz-yung, Chairman of the National Famine Relief Commission.

From Nanking

Arrived at 7.15 a.m. May 9 :-

Chu Ming-nyi, member of the C.E.C. of the Kuomintang.

Lien Sung-hai, -do-

Chinese Delegates to the International Labour Conference Entertained

Wong Ts-sung (王志聖) and Wong Ching-yau (王錦霞),

Chinese delegates to the International Labour Conference to be held in Geneva, were entertained to tiffin on May 8 by representatives of the General Labour Union, the Society of the Labouring Class and the Wharf Affairs Office, in the Chinese Y.M.C.A., 123 Boulevard de Montigny. The function was presided over by Chu Hsueh-fan, committee member of the General Labour Union.

These two delegates attended a dinner at 7 p.m. May 8 in the Yih Yen Club, 115 Hankow Road, given in their honour by representatives of local commercial bodies. The function was presided over by Ling Kong-hou (林康候), Secretary of the Chinese Bankers' Association.

At both functions the guests of honour were urged to strive to secure sympathetic support from other powers

D 6713
Seen by
S.C. Crane
See 5.1106
13/5/35
S

May 9, 1935.

Political (2)

regarding the question of factory inspection in the foreign settlements in China.

The delegates, who will leave Shanghai on May 10 by the s.s. "Conte Rosso," will be entertained to dinner in the Yih Yeu Club, 115 Hankow Road, at 12 p.m. May 9, by former delegates at the International Labour Conference.

Commemoration of "National Humiliation Day" - amusement resorts to close

In commemoration of the National Humiliation Day, May 9, the anniversary of the acceptance of Japan's 21 demands, the amusement resorts in Chinese controlled territory will close.

Cereal Dealers' Association - meeting

The committee members of the Shanghai Municipality Cereal Dealers' Association held a meeting in their office, 337 Lin Kuo Road, Nantao, at 4 p.m. May 8. It was decided not to discuss the request from the Shanghai Overseas Chinese Federation that the cereal merchants cease dealing in rice from Siam as a protest against the oppressive treatment of overseas Chinese by the Siamese Authorities, until the National Government decided upon measures to be adopted.

Land Committee of French Concession Chinese Ratepayers' Association - meeting

Four members of the Land Committee of the French Concession Chinese Ratepayers' Association held a meeting at 3 p.m. May 8, 1935, in their office at No. 249 Rue Porte de L'Ouest, and passed the following resolutions :-

D-6714

14. L.O.F.
REVISED 5.31
G. 1004. 5.30

4 copies

Extract of Proceedings in S. S. D. Court for 10.12.16.19 F. I. R. No. 115186/24 Stn. No. 36000-101

Reg. No. 6/91118-20
6/91501 Att. Str. Mulla A. Procurator Ling Judge Yoch

-11-

r. 4 was appeared for the C.A.C.

Proceedings.

U.T. (Charge sheet endorsed in Chambers)

Decision.

CDYU:

Accused: Having served the sentence here, is to be handed over to the Cr. Appeal High Court to serve sentence imposed by them.

S. J.
5/12
Recorded
1/6
15/1/41



上海
華德路第一百四十七號
械

MUNICIPAL
S. B. REGISTRATION

B. N. 6714
26 9 36

Sheng Young,
No. 111 Chen-Zung Woo Road,
French Concession,
Local.

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Con No. 2895.

Name: -Tsen Tsze Bing

Native of Canton.

Age 17

Station No.: -Yulin Rd
A. 6101.

Sentenced to 2 Yeas and
9 Months.

Crime: -Propagating
doctrine irrecon-
civable with three
people principles.

P.A. to D.C. (Crime)

Passed to you
Please.

24/36 P.A. to GOVERNOR
S. M. Gaol

周士
子
Translation of a letter sent to Con. 2895, Tseu Tsze
Ping, Yulin Road Station No. A-6101 by his wife, Siang Ping,
法租界蘇斐德路全神父路口壹百一十一號二樓
2nd floor of House No. 111, corner of Rue Laffayette and Rue
Pere de Robert.

Tsze Bing,

The statement of appeal has been forwarded, I do not know whether it will be approved of this time or not. If it is again dismissed I hope you will be patient and do not worry. Your health is most important and you must take good care of it. I am the same.

Although I told you my present address during the visiting period I do not know whether you can still remember or not. Now I write it here: 2nd floor of House No. 111, corner of Rue Laffayette and Rue Pere de Robert.

Children are all well. Reply to me soon as you have received my letter. Hope you will be healthy.

Siang Ping,

13-8-36.

Seen by S. 2.

HCLH/-

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

SHANGHAI MUNICIPAL POLICE
S. S. D. 6714
5 9 36
Division.

CRIME REGISTER No:-- 544/35.

Yulin Road Police Station.
Sept. 4th, 1936.

Diary Number:--	6.	Nature of Offence:--	Propagating Communism.
Time at which investigation begun and concluded each day	See Below.	Places visited in course of investigation each day	See Below.

RECORD OF INVESTIGATION.

The 1st and 4th accused in the above numbered case were arraigned before the S.S.D. Court on the morning of the 26-8-36, when they were ordered to be detained in custody in the civil house of detention pending inspection.

On the 4-9-36 a notification from the Judicial Police of the S.S.D. Court was received at this station, which reads as follows:-

"The sentences imposed on both accused having expired, they are to be sent to the Kiangsu Fan Sang Yoen for reforming, as per despatch received from H.Q. of Shanghai Kuomintang Party, stating that accused have still not repented, and they were duly sent to Kiangsu Fan Sang Yoen at 2 p.m. 4-9-36."


D. I.

D. D. O. "D".

Officer i/c. Sp. Br.

12/17
Recorded.
J.L.
File
18.1. 7/9/36.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:-- 544-35.

"D" Division.
Yulin Road Police Station.
August 24th, 1936.

Diary Number:-- 5

Nature of Offence:--

Time at which investigation begun and concluded each day

See Below

Places visited in course of investigation each day

See Below

RECORD OF INVESTIGATION.

* YEE TSUNG SOONG
* CHANG TAO LING

The 1st and 4th accused in this case will be brought to Court on the Morning of the 26-8-36, for inspection by the delegate of the Kuomintang upon application made by accused, requesting that they be handed over to the Kiangsu Fan Sang Yoen (Reformatory for Communism).

(sd.) J. Glanville

D.s 12.

S.D. i/c.

D.D.O. "D"

D.C. (Special Branch).

Particulars needed.

J.B.

DSI 27/8

*FILE
OBR*

IN L.P.I.
REVISED 5.31
6.100N. 5.22

Extract of Proceedings in S. S. D. Court for 26/8/36.19 F. I. R. No. 186 Stn. No. A6099-101

Reg. No. 6/91118-20
91531

Stn. Yulin Rd. Procurator

Judge Chow.

Sheet No. 10.

(Charge sheet endorsed in Chambers).

Decision..... 2nd accused has already been handed over to the Reformatory Institution.

1st and 4th accused to be detained in the civil house of detention pending inspection.

(Note: 1st & 4th accused handed over to the Judicial Police Office on 26/8/36).

Recorded.

J.B.

25/8 -

SHANGHAI MUNICIPAL POLICE

B. REGISTRY

B. D. 6714

21-6-36

CRIME DIARY.

"D" Division.

CRIME REGISTER No: 544/35.

Yulin Road Police Station.

June 27th, 1936.

Diary Number: 4	Nature of Offence: Propagating Communism.
Time at which investigation began and concluded each day	See Below
Places visited in course of investigation each day	Second Branch of Kiangsu High Court.

RECORD OF INVESTIGATION.

The 2nd accused in the above numbered case was arraigned before the Court on the morning of the 17-6-36, for inspection by the delegate of the Kuomintang upon application made by accused requesting that he be handed over to the Kiangsu Fan Sang Yoen (Reformatory for Communists), when he was ordered to be detained in the Civil Detention House pending examination.

He was subsequently sent to Kiangsu Fan Sang Yoen at 2.15 p.m. on the 20-6-36 and the decision given by the Court as follows:-

"According to Article 5 Section 1 of the revised rules of the Kiangsu Fan San Yoen, the above accused is to be sent to the Kiangsu Fan Sang Yoen for reforming through the Procurators' Bureau of the Shanghai City District Court upon application of the accused stating that he has served 1/3 of his sentence passed on him by this Court".

Recorded.

J. B.

D.S. 27/6

[Signature]

D. I.

D.D.O. "D".

D. C. (Special Branch).

11515 51

Extract of proceedings in S. S. D. Court for 17-6-36 19 F. I. R. No. 286/36 Str. No. 46093-101

Reg. No. 6/91118-20 Sec. Yul-n Rd Procurator ... Judge Yook
6/91581

Sheet No. 9

HIGH COURT OF APPEAL S.M.

Mr. Kim appeared for the S.M. Council.

(Charge sheet entered in Chambers).

Doc. 3.00

CC10

2nd accused to detained in the C.V.I Detention House pending being examined.

S2
HR
FILE
HR

SHANGHAI MUNICIPAL POLICE
S. I. REGISTRY
S. B. D. 6714
28 5 36



上海
華德路第一百四十七號
械

To the family of Yee Tsong Soong,
21 Doong Shung Lee,
Tsa Ka Pang Road, Yangtszepoo Road.

送

楊樹坤
送
蔡家
兵
同
吳
里
士
號

Name. Yee Tsong Soong.

Native place. Anhwei.

Yulin Road Station
No. A6099.

Age. 27.

Date of admission.
29-5-35.

Charge. Propagating
doctrine irrecon-
ciliabile with three
peoples principal.

Sentence. 2 years &
6 months.

SHANGHAI MUNICIPAL PUBLIC
S. D. REGISTER
S. B. D. 6714
28 5 36



Mr. Lee Nyung Tshoe,
461 Woo Loong Road.

上海
華德路第一百四十七號
械

送
李和龍
川路
461
號

Name. Chang Tse Ling.
Native place. Shanghai.
Yulin Road Station
No. A6104.
Age. 22.
Date of admission
29-5-35.
Charge. Propagating doctrine
irreconciliable
with three people
principal.
Sentence. 2 years &
6 months.

Extract of Proceedings in S. S. D. Court for 25.3.35 19 F. I. R. No. 100-35 Sin. No. 6091-101

Reg. No. 6/9116020 6/21301 Stn. Yulin Procurator Judge Yeoh, Chow. Nyih, Sin.

Section 13. 1

Application

The accused, Teou Hase Bin, alias Hsu, Chy, Lee.
Application is hereby made that the sentence of one year and three months' imprisonment suspended for 3 years imposed on the accused on the 25.3.35 for an offence against the State by Third Branch of Jiangsu High Court be revoked, the said accused having been convicted for a similar offence and sentenced to one year and six months' imprisonment on the 25.3.35 at 2nd Branch of Jiangsu High Court.
C. S. T. 25.3.

IN THE HIGH COURT OF SINGAPORE

Mr. Sun appeared for the S. S. D.

Proceedings: Judge to the 3rd accused:-

Q. Were you sentenced to one year and three months' imprisonment suspended for 3 years imposed on you on the 25.3.35 for an offence against the State by Third Branch of Jiangsu High Court?

A. Yes.

Q. Now the S. S. D. apply to this Court for the cancellation of your suspended sentence?

A. I have been imprisoned in the French Concession for 6 or 9 months, and I am willing to be imprisoned there again. I have repented my past sins and desire to enter the Reformatory.

Q. Of course you can enter the Reformatory after you have served 1/3 of your sentence. You can apply to the Gaol.

S₂
JR

JHR
25/3/36

DECISION: Demand pending a ruling to be rendered by this Court.

C. L. Chien.

H. T. Kueh
Who 25/3.

Particulars
recorded.
Kueh 25/3



上海
華德路第一四十七號
械

Mr. Tseu Ziang Bing,
c/o Tseu Tse Ming,
No. 224 Ward Road.

送

周湘洋收
華德路二二四號
同智民

Convict No. 2895
Tseu Tsze Bing age 19
Yulin Road A-6101
Native--Canton
Sentence 2 yrs. & 6 mths.
imprisonment on a charge
of "Propagating doctrine
irreconciliable with 3
Peoples' Principles" on
29-5-35.

D. C. (Cline)

I enclose for
your information
& retention please.

18/36.

Supt. of Gaols

SHANGHAI MUNICIPAL COUNCIL
S. D. REGISTRY
No. S. B. D. 6714
Date 62 3 36



上海
華德路第一四十七號
械

Mr. Tseu Ziang Bing
c/o Tseu Tse Ming
No. 224 Ward Road.

送

周湘洋收
華德路二二四號
同智民

Convict No. 2895
Tseu Tsze Bing age 16
Yulin Road A-6101
Native--Canton
Sentence 2 yrs & 6 mths.
imprisonment on a charge
of "propagating doctrine
irreconciliable with 3
Peoples' Principles" on
29-5-35.

D. C. (Cline)

I enclose for
your information
& retention please.

10/36.

Supt. of Gaols

送



上海
華德路第一百四十七號
械

S. B. D. 6714
19 2 36

Miss Chiao Chao Ying,
21 Dong Shing Labourer's Quarters,
Yangtszepoo Road.

楊樹浦路同興工房21號
住巧英女士

Convict No. 2911
Yee Tsong Soong age 26
Native--Anhui
Yulin Road A-6099
Sentenced 2 yrs & 6 mths
imprisonment for "Pro-
pagating doctrine irre-
conciliable with Three
Peoples Principals" on
29-5-35.

D.C. (Crime)

Recommendation for
reformation &
retention abroad.

18/36

Supt. of Gaols

送



上海
華德路第一百四十七號
械

Miss Tsiau Chiao Ying,
No. 21, Dong Shing Labour Quarters, Y'ipo Rd.

楊樹浦路同興工房21號
住巧英女士

Convict 2911, name Yee
Tsong Soong, age 26, na-
tive of Anhwei, yulin Rd.
Station No. A-6099.
Crime: Propagating doc-
trine irreconcilable with
Peoples Three Principle.
Sentenced on 28-5-35 to
two years & six months
imprisonment.

D.C. (Crime)

for reformation

Supt. of Gaols



上海
華德路第一百四十七號
械

Local.

No. 477, 700 Jung Road, Yangtzeppoo.

Mr. Tseu Siang King,

送
華 楊樹浦 和 龍路 477 號
周 湘 林 君 啟

Convict No. 2884, Name Tseu Tsze Ping, age 18, Native of Canton, Yulin Road Station No. A-6101. Crime:- Propagating doctrine irreconcilable with Three Peoples Principle. Sentenced on 29-5-35 to two years & six months imprisonment.

D.C. (Crime)
For information
Supt. of Goals



上海
華德路第一百四十七號
械

SHANGHAI MUNICIPAL POLICE
S. D. REGISTRY
S. B. D. 6514
11/10 25

C/O Mr. Loo Tsao Tsing, Kwan Ewa University,
Great Western Road, Local.

Mr. Loo Wei Ts,

送
羅 華 大 西 路 克 華 大 學
羅 竹 青 君 啟

Convict No. 2934, Name Wong Jih Ming, age 23, native of Canton, Yulin Road Station No. A-6100. Crime:- Propagating irreconcilable with Three Peoples Principles. Sentenced on 29-5-35 to two years & six months imprisonment.

D.C. (Crime)
For information
Deputy Supt. of Goals

Seen by h2
11/10

送

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

No. D 6714
Date 28 6 35



海上
華德路第一百四十七號械

Miss Tseu Siang Bing
477 Woo Loong Road
Yangtszepoo.

Name Tseu Tsze Bing.
Native. Canton.
Age. 16.
Station. Yulin Road.
St. No. A6101.

Crime. Propagating doctrine irreconciliable with three Peoples Principal.

Sentence. 2 years & 6 mths.
Date of Sentence. 29-5-35.

D. C. (Crime)
Forwarded for information, please
Supt. of Gaols

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

No. D 6714
Date 28 6 35



海上
華德路第一百四十七號械

Mr. Liang Zih Chih
Wong Hwa Kiang Middle School.
Tse Yuen Road, Chapel.

送
河北止園路黃花園中學
梁莊茹君收

Convict No. 2934
Wong Jih Ming, age 23
Native-Canton
Yulin Road St'n A-6100
Sentence 2 yrs. & 6 mths
imprisonment for "Pro-
pagating doctrine irre-
conciliable with three
People Principles" on
29-5-35.

D. C. (Crime)
Forwarded
for information,
please
Supt. of Gaols

26/6/35
D.C. (Spl. De)
H.D. 24/6

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6714
Date 19 6 135



海上
華德路第一百四十七號械

Mr. Chang Kyung Kwet
461 Woo Loong Loo, Soong Pang Road.
Yanetzepoo Road.

送

張樹浦路
松潘路
和龍路
收 龍路 461 号

Convict No. 2887
Chang Tse Ling, age 21
Native--Shanghai
Yulin Road St'n A-6104
Sentence 2 yrs & 6 months
for "Propagating doctrine
irreconciliable with
Three People Principle"
on 29-5-35.

D. L. (Crime)
Forwarded for
information, please.

18/6
35

[Signature]

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6714
Date 2 6 135



海上
華德路第一百四十七號械

Mr. Tsang Kyung Kwet.
461 Woo Loong Loo, Soong Pan Road.

送

張樹浦路
松潘路
和龍路
收 龍路 461 号

Convict No. 2887
Chang Tse Ling age 21
Native Shanghai
Yulin Road A-6104
Sentence 2 years & 6 mths.
for "Propagating doctrine
irreconciliable with three
Principal" on 29-5-35.

D. L. (Crime)
Forwarded
for information,
please

[Signature]
Supt. of Gaols

S2, For attention
please.

Particulars
recorded

[Signature]

18/6 35

D.C. (CRIME)

SECRET - NOT FOR PRESS PUBLICATION

SHANGHAI MUNICIPAL POLICE

SPECIAL BRANCH

INTELLIGENCE REPORT

May 29, 1935.

Political



Movement of Notables

To Nanking

Departed at 11 p.m. May 28 :-

Waung Ching-wei, President of the Administrative Yuan.

Wong Shih-chieh, Minister of Education.

Tang Yu-jen, Vice Minister of Foreign Affairs.

Li Shih-tseng, member of the C.E.C. of the Kuomintang.

Yang Teh-tsao, -do-

From Nanking

Arrived at 7.15 a.m. May 29 :-

Chu Ming-nyi, member of the C.E.C. of the Kuomintang.

Communist Propaganda - Prosecutions

The case against the four communist suspects arrested by the Municipal Police in connection with the chalking of communist slogans on walls in the Yulin Road District on May 13, was concluded in the Second Branch of the Kiangsu High Court on May 28 when they were each sentenced to a term of two years and six months' imprisonment.

Disclosure of Military Secrets - mosquito newspaper offices raided

Acting upon the authority of search warrants issued by the Shanghai Special District Court, at the instance of the local Bureau of Public Safety, the Municipal Police searched the offices of two mosquito newspapers entitled "The Shanghai News" (新上海) and the "Shanghai Shih Pao" (上海日報) at Lane 620, No. 21 Yunnan Road, and No. 3 Bing Loh Li, Thibet Road, respectively, on the afternoon of May 27.

6714

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6753

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△

D.C. (CRIME)

SECRET - NOT FOR PRESS PUBLICATION

SHANGHAI MUNICIPAL POLICE

SPECIAL BRANCH
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INTELLIGENCE REPORT

May 17, 1935.



Political

Movement of Notables

To Nanking

Departed at 11 p.m. May 16 :-

Liu Vee-ts, Vice Minister of Industry.

Li Pih-shou, Vice Minister of Communications.

wang Chueh-wei, member of the C.E.C. of the Kuomintang.

From Nanking

Arrived at 7.15 a.m. May 17 :-

H.H.Kung, Minister of Finance.

Tao Lu-chien, Vice Minister of Interior.

Huang Chi, Member of the C.E.C. of the Kuomintang.

Communist Propaganda: 4 Arrests - Prosecutions

Three male Chinese responsible for the chalking of communist slogans on walls in the Yulin Road District, were arrested by the Municipal Police on May 13. A fourth person, who was implicated by the prisoners, was arrested on May 15.

The four men are at present detained on a Writ of Detention and will appear before Court on May 21, when a charge of Propagating Communism will be preferred against them.

Educational Commission of the Kwangtung Provincial Government - Leaves for Soochow

The eleven members of the Educational Commission of the Kwangtung Provincial Government, who have been residing in the New Asia Hotel, 430 Tiendong Road, left Shanghai North Station for Soochow at 4.30 p.m. May 16.

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1935

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
File No. 6714
No. D

SHANGHAI MUNICIPAL POLICE

S. 2, Special Branch

REPORT

Date May 29, 1935.

Subject Arrest of four Communists in Yulin Road District
on May 13 & 15, 1935.

Made by D.S. Sanson. Forwarded by *B.B. Guesst*

The case against the four communist suspects arrested by the Municipal Police in connection with the chalking of communist slogans on walls in the Yulin Road District on May 13, was concluded in the Second Branch of the Kiangsu High Court on May 28 when they were each sentenced to a term of two years and six months imprisonment.

As a result of enquiries into this case, three communist controlled schools in the Eastern District, with which the arrested men were connected, have virtually ceased to exist.

The schools affected are, (1) Zung Zung Vocational Middle School, 159/170 Tsu Ka Ba Road (3 teachers and about 20 pupils); (2) The Oriental Morning & Evening School, No. 477 Holung Road (3 teachers and 6 pupils), and (3) a school (unnamed) in a tea shop at No. 516 Tsu Ka Ba Road (one teacher and about 4 pupils).

Information supplied to the Public Safety Bureau led to the discovery of a communist controlled school in Chapei and the arrest of two teachers concerned.

II
C.P.
This good result is due to C.P.C. 1464 who made the initial arrest.

III
C.P.C. shall receive special award. V.G. work



A. Sanson.

D. C. (Special Branch)

I D.C. (Crime)

VP. S. awarded four months' seniority

P.O. 333 296.35

Information and kindly

pass to Commissioner.

B.D.J. Gault

Please see remarks of Commissioner and arrange where recommendation put up.

J.H.G. JUNE 1935

Passed to Office Yulin Road H.K. 6/30/35

File J.H.G. 2 JULY 1935

J.H.G. 8 JUNE 1935

F. 22 F
C. 17-35

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL P.
S. B. REGION

6714

CRIME DIARY.

Date 30 / 5 / 35

CRIME REGISTER No:— 544/35.

Yulin Road Police Station.
May 29th 19 35.

Diary Number:— 3.

Nature of Offence: Propagating Communism.

Time at which investigation begun and concluded each day	11 a.m. 28-5-35.	Places visited in course of investigation each day	S. B. D. Court.
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RECORD OF INVESTIGATION.

Further to crime Register No. 544/35.

The accused all appeared before the Court on the morning of the 28-5-35, when they were sentenced to "2 years and 6 months imprisonment each."

The Communistic books seized at 159/170 Tsa Ka Pa Road, were returned to the Station and will later be sent to the Court and an application made for their disposal.

J.K. 29
S. i/c. 3-35

J. Lawill
D.S. 12,

~~S. B. D. Court.~~

100 L. 6/14

Extract of Proceedings in S. S. D. Court for 28/5/35. 19 F. I. R. No. 12193. 186 Stn. No. 40099 66.

Reg. No. 6/9113-20 Stn. Yulin No. Procurator Quang Yach, Shaw & Co. Judge

Sheet No. 7.

Mr Lum appeared for the D. G.

Judgment only.

Decision...

1st & 2nd accused - Each 2 yrs in and 6 months impr.
for being concerned in successively propagating doctrine
irreconcilable with Three Peoples' slogan for the purpose
of injuring the Republic of China.

3rd - 2 years and 6 months impr. for being concerned in
propagating doctrine irreconcilable with Three Peoples
slogan for the purpose of injuring the Republic of China.

4 days in addition to above for 1st & 2nd's impr.

5th sentenced to 1 year for 1st & 2nd's impr.

(2nd & 3rd accused released on bail to this Court on 24/5/35
from the Public Safety Bureau).

4th accused to Judge as some of the words are not of a
communist nature and I ask the Court to give him a trial
for 1 year.

Representative of the Public Safety Bureau, the Public Safety
Bureau. I do not want them to have a trial.

Ho.

Section 2, Special Branch.

May 29, 1935.

Communist Frontists - Executions

The case against the four communist suspects arrested by the Municipal Police in connection with the chalking of communist slogans on walls in the Yulin Road District on May 13, was concluded in the Second Branch of the King's High Court on May 28 when they were each sentenced to a term of two years and six months imprisonment.

SEARCH WARRANT, NO. 6870.

S. B. STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

J.P. Judge. 1 JUNE 1935 Date.

(For Judicial Police endorsement)
Above document returned



06714
SEARCH WARRANT, NO. 6872.

S. B. STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

J.P. Judge. 1 JUNE 1935 Date.

(For Judicial Police endorsement)
Above document returned



SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

SHANGHAI MUNICIPAL P.
S. B. REGISTER
6714
Date 22 5 35

CRIME REGISTER No:— 544/35.

Division.
Yulin Rd. Police Station.
May 22nd, 19 35.

Diary Number:— 2

Nature of Offence:— Propagating
Communism.

Time at which investigation begun and concluded each day.	14-5-35 to 22-5-35.	Places visited in course of investigation each day.	Tsa Ka Pa Road. Gonnaught Road.
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RECORD OF INVESTIGATION.

Further to Crime Register No. 544/35.

The accused appeared before the Court on the morning of the 21-5-35, when the 2nd, 3rd and 4th accused were ordered to be handed over to the P.S.B. and the 1st accused remanded until the 23-5-35 for judgment.

On the 22-5-35, the 3rd accused and members of the P.S.B. and D.C. Sanson attended the Station, the P.S.B. armed with Warrant No. 6870 to effect the arrest of (1) Ki Pah Doo (徐相多) and Dien Yue Kong (田雨农) both residing at the Zung Zung Nyih Middle School, 159/170 Tsa Ka Pa Road, and a search warrant No. 6872 to search the premises of the above named school.

The warrants were executed at 5.15 p.m. even date, but the two wanted men were absent.

A quantity of books of a communistic nature and two letters and 2 photos were seized (see attached list).

Detectives were left on the premises to await the return of the wanted men.

It appears that the information regarding these two men, came from the 3rd accused in this case.

The case will again appear before the Court on the morning of the 23-5-35, when the property seized at No. 159/170 Tsa Ka Pa Road will be brought before the Court for disposal.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

Division.

Police Station.

.....19

Diary Number:	Nature of Offence:
Time at which investigation begun and concluded each day	Places visited in course of investigation each day

RECORD OF INVESTIGATION.

The P.S.B. also had another Search and Arrest Warrants, Nos. 6273 and 6371, authorising the arrest of one Lau Sung (老生) residing in an upstairs rear room of the Yiu Khaung Young (永安堂) wine shop, between Ferry and Connaught Roads, he being a suspected communist, and alleged to be connected with this case, the information according to the P.S.B. coming from the 2nd accused.

This place was visited at 5.15 p.m. even date, but no arrests or seizures were made.

J. L. L. L.
D.S. 12

JK 23/35
S. D. 1/5

D. S. L. L.
24/5/35

D.S. L. L. L.
attach file & return
to me *24/5/35*

Copy for O.C. Special Branch.

Notice
Adkinson
24/5/35

File
24 MAY 1935

D. S. L. L. L.
Information & return of
return
24/5/35

Books etc seized at 5.15 p.m. 22-5-35at 170 San Ka Pa Road.

1. Two letters relating to the arrest of the Communists from
Chapel and Szechuen.
2. Two photos.
3. 1 book entitled "Fundamentos de Leninismo".
4. 1 book entitled "Foundations of Leninism".
5. 1 book entitled "Remarks of the Mechanics". 機械論批判
6. 1 Chinese book relating to prisoners absconded and in custody.
7. 1 Chinese book relating to Economics. 經濟學概論
8. 1 monthly magazine relating to Literature. 文學月報
9. 1 Chinese book relating to "The remarks of the Economics". 經濟評論
10. 1 magazine relating to "Civilization". 文化雜誌
11. 1 Japanese book.
12. 1 book entitled "International Press Correspondence"

5 copies.

Extract of Proceedings in S. S. D. Court for 21/5/35, 19 F. I. R. No. 1130 186 Str. No. 16099-102
6104

Reg. No. 6/91118-20
91581

Str. Yulin Rd. Procurator Wong Yoch, Siao & Chow. Judge

Sheet No. 5.

Charge 1st to 4th accused.

Breach of Law Governing the punishment of Persons who commit Acts with intent to injure the Republic of China, Contr. to Art. 8. For that they on divers dates prior to or on May 13th 1935 being members of the Chinese Communist Party did propagate doctrines irreconcilable with peoples three principals. Contr to Art. 8 of the Law Governing the punishment of Persons who commit acts in injure the Republic of China.

Proceedings

Mr. Xun appeared for the 1st & 2nd. Mr. Yoh Yoh Yung appeared for the 3rd accused. Mr. Joo Young appeared for the 3rd accused and appointed in Court for the 1st 2nd and 4th accused. Mr. Chan Yui Young appeared for the 3rd Public Safety Bureau.

Mr. Xun :- Before the case is tried, I ask all the four accused to be handed over to Shanghai Public Safety Bureau for two weeks after which they will be handed back to this Court.

3rd accused :- I was arrested by the French Police and later I was found guilty by the Supreme Court, Hanking. I gave my name as Chen Fung Kwei.

Mr. Xun recouling the evidence of arrest.

Mr. S. I Yan, B. I. Sung :- At 10.15 a.m. on 15/5/35 an enquiry was made at 197 Holum Road. I saw the 4th accused running into the hut through the back door. He was then arrested and he admitted that on the 1/5/35 he was together with 1st 2nd and 3rd accused and one named Huh, wrote the slogans on the wall of Secord Heart Hospital.

Wong Yui (Rept. of S.P.D. Bureau) :- I received a telephone message from Yulin Road Police Station that they accused were concerned with several others who lived in the Chinese Territory. I ask the 2nd 3rd and 4th accused be handed over to us for enquiry, and they will be returned on the date of judgment.

1st accused :- I did not join the Communist Party. I was together with the teachers of that school and told to write slogans on two occasions. The slogans are 'Down with Kowmintang', 'Labourers should be not discriminated for no reason' etc. They were wrote with chalks. I did not receive any money for this action.

Reg. No.

Stn.

Prosecutor

Judge

Sheet No. 6.

2nd accused :- I joined the Soc al Scientific League. They supplied me the books. I was introduced by one named Young Young. I assist writing the slogans. I absconded when I was arrested. I wrote the slogans on two occasions. I have no other work besides this.

3rd accused :- I did not join the communist party. I have no work in the communist party. One named Lee asked me to learn the social causes and he promised to supply me with the books. I did not write any slogans with them on the 10/5/55. I did not receive any books from Lee. The 2nd accused has a quantity of communistic books in his room.

1st accused :- The 3rd accused was together with me to write the slogans on the 9/5/55 but not on the 10/5/55.

4th accused :- One man I was introduced to to join the communist party, name by age was about 17. I was dismissed from communist party about two years ago. The 3rd accused told me that there was a man named Lee who would direct me how to read the books. Lee asked me to write the slogans. On the 1st occasion five of us wrote the slogans, 1st, 2nd, 3rd accused and I and myself and Lee was not there. The 2nd ^{accused} was myself, 1st, 2nd accused and Lee.

Summing up.

Decision

Pleadings closed.
Judgement on 28/5/55.
2nd, 3rd & 4th accused to be handed over to Public Safety Bureau for trial after which they are to be handed back to this.
(2nd, 3rd and 4th handed over on 21/5/55).

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
File No. D 6714

S. 2, Special ~~Branch~~ ^{Branch}, ~~Station~~ ^{Station}
Date MAY 22, 1935.

REPORT

Subject ARREST of Four Communists in Nulin Road District on May 13
and 15, 1935.
Made by D. S. Sansom. Forwarded by B. B. Lovest. D. P.

Accused in this case re-appeared before the Court on May 21, 1935, when the 1st. accused was ordered to be detained in custody until May 28, 1935. The other three men were ordered to be handed over to the Chinese Authorities.

This file has been shown to "A" as instructed, and lists of addresses found have been handed to the appropriate authorities. Regarding the attached memo on my visit to the Netherlands Consulate-General this morning, I desire to state that a list of addresses of persons in the Netherlands East Indies was handed personally to Mr. Vandenburg. The place where the addresses were seized and a brief summary of the significance of same were typed over the addresses. Mr. Vandenburg had no questions to ask me at the time, therefore I naturally left his office. I called on him again this afternoon and furnished further information on the subject as requested.

Enquiries into the Settlement addresses found during the raid and into the number of "suspect" Communist schools in the Settlement are proceeding.

D. Sansom.

D. S.

D. C. (Special Branch).

File
[Signature]
MAY 22 1935

D. Sansom
[Signature] 22/5/35

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

MUNICIPAL POLICE
S. B. REGISTRY
6714

Crime Register No. **844/35**

Division
Hulin Road Police Station.
May 19, 1935.

Diary Number 1.	(Sheet No. 1.)	Nature of Offence:— Propagating Communism.
Time at which investigation begun and concluded each day	14-5-35 to 17-5-35	Places visited in course of investigation each day. Holung Road. Kongtasepo Road. S. F. D. Court. Detective Office. General Quarters.

RECORD OF INVESTIGATION.

Place or description of premises.	No. 21 Tong Hing Road, near Weinan Rd	
Time and date of offence.	9.45 P.M. 24-5-35.	
" " " reported.	1st reported.	
Name, occupation and address of complainant.	S. B. Police	
Number of criminals with full individual description.	<p>(1) Yee Tsong Soong (葉士松) 20, driver, / student, No. 21 Tong Hing Road, Y'poo Rd.</p> <p>(2) Wong Jih King (王傑明) 22, student, / teacher, 477 Holung Road.</p> <p>(3) Tsou Tsau Hing (周士平) 16, Shanghai, / teacher, 477 Holung Road.</p> <p>(4) Chang Tsu Ling (張素林) 21, Shanghai, / teacher, unnumbered hut in rear of 477 Holung Road.</p> <p>(5) Moh (馬) age about 20 years, Kampo, / student height ab. 5'5" medium build, wearing black long gown, brown felt hat. (Not arrested).</p>	
Arrests.	None.	
Classification of property stolen.	<p>Dep. Com. Sp. Det. Lin. Information & opinion of early return. This case appears to be a very good one. <i>20/5/35</i></p>	
Classification of property recovered.	Value \$	
In cases of Murder or Suspected Murder points (a) to (d) should be answered.	<p>(a) Time and date body was discovered.</p> <p>(b) Position, appearance and marks on body.</p> <p>(c) Apparent cause of death.</p> <p>(d) Motive if known.</p> <p><i>S. Lanson</i> <i>20/5/35</i></p>	
Full Details of Method used in Committing offence.	<p>(a) Painted slogans of communistic nature on walls.</p> <p>" S2, Please show file to 'A' and then arrange to have lists of the addresses made in accordance with the authority effected. <i>J. H.</i></p> <p>D.C. Spurr inquiry. I have shown file to 'A'. He has taken a note of the addresses for communistic purposes. <i>20 MAY 1935</i></p>	

CRIME DIARY NO. 1. (SHEET NO. 2)

- (j) What staff employed on premises?
- (k) Are they all "old" servants?
- (l) If not, what was their last employment and for how long?
- (m) What was their "character"?
- (n) If any suspicion attached to any of them and if so, which one and for what reason?
- (o) Are old servants suspected?
- (p) Are friends and visitors above suspicion? If not, who is suspected?

Remarks

(Any outstanding or peculiar feature to be commented on by investigating officer).

In connection with Misc. 186 writ of Detention.

At 9.55 p.m. 13-5-35, C.P.C. 1464 brought the 1st. accused to the station and stated that he had arrested him at 9.45 p.m. even date, on Baikal Road near Lay Road. At the time of his arrest, the 1st accused was seen to throw away a piece of chalk which was recovered by the C.P.C.

The undersigned and C.P.C.'s 325 and 220 made enquiries and ascertained the following:-

C.P.C. 1464 was on duty on No. 3 Post, situated on Baikal Road near Lay Road, when at about 9.45 p.m. 13-5-35, the C.P.C. saw the 1st accused together with 3 other male Chinese chalking something on a nearby wall.

The C.P.C. investigated, and as he approached all 4 men ran away, but the C.P.C. managed to effect the arrest of the 1st accused. On looking at the wall upon which the men had been busily writing in white chalk, the C.P.C. discovered them to be communist slogans, so he therefore took the 1st accused into custody.

C.P.C. 220 was sent to copy the slogans written on the wall, they proved to be as follows:-

- (1) "Down with the Kou Min Tang" (打倒国民党)
- (2) "Come forth and protect the Soviet" (出来拥护苏维埃)
- (3) "Down with the Fascists" (打倒法西斯蒂)
- (4) "Down with the Fascists and the Kou Min Tang" (打倒法西斯蒂及国民党)
- (5) "Come forth and protect the Soviet Red Army" (出来拥护苏维埃红军)

S.P., Please bring all these notes of program with you notice as that effort may be made to make the present concerned at present removed at present

22 MAY 1935

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— Division.
 Police Station.
 19

Diary Number:—	Nature of Offence:—
Time at which investigation begun and concluded each day	Places visited in course of investigation each day

RECORD OF INVESTIGATION.

(6) "Labourers cannot be dismissed for no reasons"
 (反对无故解雇工友)

(7) "Offer assistance to labourers on strike for May 8th memorial day." (援助五卅罢工工友)

(8) "Come forth and protect the Red Army and Comm with the Kou Min Tang" (拥护红军打倒国民党)

(9) "Long live the Red Army" (拥护红军万岁)

Interrogated, the 1st accused admitted being together with the three men who escaped, at the time the slogans were chalked on the wall, but states he did not write any slogans, but acted as guard to warn the others on the approach of the police.

Questioned as to the whereabouts of the men not in custody, he stated they were to be found at No. 477 Helung Road.

Acting on this information a party of police consisting of S.I. Stephenson, D.S. Melchiorke, G.D.C. 325 and the undersigned, led by the 1st accused proceeded to 477 Helung Road, arriving at 10.30 p.m. 1205-35.

On arrival at these premises, it was found that all outer doors were locked, and whilst the police were knocking at the back door, a sound was heard at the rear of the premises, as if some object had hit the bamboo fence surrounding the rear of the premises. S.I. Stephenson who looked up at a 1st floor window from whence the object seemed to come and saw the 1st accused standing in the

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.
..... Police Station.
..... 19

Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

open window, wearing a dressing gown.

Eventually the front door was opened by the inmates, and in a 1st floor front room, the 2nd & 3rd accused were located.

The 1st accused immediately identified the 2nd accused as being one of the men responsible for the chalking of slogans on the wall at the corner of Jialai & Lay Road.

Questioned as to their 1st & 2nd accused, relations with the 3rd accused, they stated that the 3rd accused was the principal of the Oriental Morning & Evening School, situated on the premises, 477 Helang Road, and that the 1st accused was a student, studying at the school and the 2nd accused was a teacher in the school. The 3rd accused was therefore summarily arrested as a suspected communist.

The 2nd accused denied any connection with the school and stated he was a student of music.

On investigations being made at the rear of the premises, a parcel containing the following books was found by the side of the bamboo fence, this parcel being presumably the object heard striking the fence:—

- (1) "The Communist Manifesto of Marx & Engels (D. Ryasama) in English.
- (2) "War in China" by Ray Stewart. In English.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.

..... Police Station.

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Nature of Offence:

Time at which investigation begun and concluded each day.		Places visited in course of investigation each day.	
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RECORD OF INVESTIGATION.

(3) Textbook on Esperanto entitled "La Teksto Unua"
Published by the Japanese proletarian-Esperanto Union.

(4) Pamphlet:- "Maxim Gorkh to Foreign Workers".
Issued by the Co-operative Publishing Society of Foreign Workers in U.S.S.R., Moscow (In English).

In Chinese

(5) "War Tactics"

(6) "First Step to Leninism."

(7) Several sheets of paper containing notes on philosophy. Questioned, the 3rd accused stated that the 2nd accused threw the books out of the window.

D.S.I. Prokofiev and D.S. Jones of the Special Branch were informed and attended. They made a search of the premises situated at 477 Wolung Road and seized a number of books (as per attached list) of a communistic and pro-communistic nature and also a duplicating machine.

Further interrogated, the 1st accused stated that his three companions at the time of his arrest were the 2nd accused and two others, one named "Ma" and one named "Shiao Cheng", but denied knowing the whereabouts of these two men.

The 1st 2nd and 3rd accused appeared before the Court on the morning of the 14th-35 on a Writ of Detention (see Misc. 124/35), when they were remanded until the

SHANGHAI MUNICIPAL POLICE.

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RECORD OF INVESTIGATION.

21-5-35.

On the 15-5-35 at 10.15 a.m. D.S.I. Yang Pei Shang and the undersigned again went to No.477 Holung Road to make further enquiries, and whilst there the undersigned noticed a male Chinese dart into a nearby hut, as if he were afraid of the police. The undersigned ran in after him and succeeded in arresting him. He proved to be the 4th accused.

Interrogated, this man admitted being a member of the Chinese Communist Party and also implicated the 1st, 2nd, and 3rd, accused as being fellow members. He admitted being responsible together with the 1st, & 2nd accused and one named "Ma", for the chalking of communistic slogans on the wall of a building on Haikal Road near Lay Road, at the time of the arrest of the 1st accused and also admitted that on or about the 1st of May 1935 at 10 p.m. he together with the 1st, 2nd, & 3rd accused were responsible for the painting of slogans on a wall surrounding the rear of the Sacred Heart Hospital on Chiacyang Road near Weiman Road.

His home, an un-numbered hut in the rear of 477 Holung Road, was searched, but although a few books and papers were seized, none of these proved to be of a communistic nature. One writing book, however, was found to be of interest, in it the 4th accused has apparently rough drafted a letter to a friend, in which he states

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

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"D" Division.
Yulin Road Police Station.
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Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

that he, 4th accused, "is wanted by the authorities and is now a man of question, but although in low spirits, is determined to carry on."

Interrogated re the passage, 4th accused states that about 2 years ago, some friends of his were arrested for being communists and implicated him, therefore he had to go into hiding.

The 4th accused then led detectives to Chiayang and Weinan Roads corner, where on walls in the rear of the Sacred Heart Hospital, was found painted in Chinese ink, the following slogans:—

- (1) "Support the Soviet Red Army" (擁護蘇俄紅軍).
- (2) "Support the Red Army" (擁護紅軍).
- (3) "Down with the Kou Min Tang" (打倒國民黨).
- (4) "Restore the workmen's arms" (恢復工人武裝).
- (5) "Oppose the cultural control of Fascism" (反對法西斯文化統制).
- (6) "Be prepared to strike in memory of May 9th." (準備於五月九日).
- (7) A drawing thus:— ♀ & "Support the Soviet Red Army". (擁護蘇俄紅軍).
- (8) "Down with the Imperialistic tool, Christianity." (打倒帝國主義的幫兇).
- (9) "Down with the Kou Min Tang" (打倒國民黨).
- (10) "May 9th in commemoration of China's shame" (五月九日紀念).
- (11) "Oppose the Fascistic oppression of revolutionary movement." (反對法西斯壓迫革命運動).

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

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RECORD OF INVESTIGATION.

The above slogans were, according to the 4th accused, painted on the walls by the 1st, 2nd, & 3rd. accused and himself and "Ma", on or about the 1st. May 1935 at 10 p.m.

D.S. Canson of the Special Branch attended when informed of the arrest of the 4th accused.

The 1st, 2nd, & 3rd. accused were then removed from the station cells and confronted with the 4th accused, they were informed that the 4th accused had made a full confession implicating them all. All accused then admitted being concerned together with the 4th accused and "Ma" in painting communistic slogans on walls in rear of the Sacred Heart Hospital at about 10 p.m. 1st May 1935.

All accused also admit being active members of the Chinese Communist Party and denounced one named "Lee" (李) as being their instructor in party methods and propaganda advisor. The 2nd accused also admits that the literature seized was given to him by "Lee" (李).

"Lee" was introduced to the accused by the 2nd accused about 10 days ago. The 2nd accused states he met Lee about 2 weeks ago he having been introduced to him by one "Chang" (張) a student in the Chinan University, Chengjue.

All accused are members of the Social Science Society, they being made members about one week ago

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RECORD OF INVESTIGATION.

by Lee (李). Where the Headquarters of this Society is, they do not know, neither do they know the home of "Lee" (李).

The accused state that the Oriental Morning & Evening School (勤晨夜學校) 477 Holung Road was opened about 2 months ago by the 2nd, 3rd & 4th. accused, the 1st accused and "Ma" (馬) being students there. The school was originally opened for the purpose of teaching small boys and girls to write Chinese and English, until the accused commenced to introduce communistic teachings into the curriculum.

The 1st accused also gave information that a communist school, situated in a teashop at No. 516 Tsa-Ka Pa Road, (馬家浜路) Yangtzepoo Road, was being operated by a female, one Miss Huang (黃), who had as her pupil various workers in the cotton mills.

Acting on this information, a party of detectives raided this place on the night of the 15-5-35, but the school, which is situated on the 1st floor rear, was found locked up. A entry was forced and the place searched, and two books of a communistic nature seized. They are entitled, (1) State & Revolution by V. I. Lenin (in English), (2) Imperialism (帝國主義) in Chinese.

The 1st accused states that in 1933 he was a police informer at Headquarters and has given information which has led to the arrest of a number of communists. This

S 2, For special investigation in due course as to number of suspect schools of this type which are in existence.

JMS
20 MAY 1935

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

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.....Division.
Police Station.
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Diary Number:—		Nature of Offence:—	
Time at which investigation began and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

information has been checked up and found correct.

The 2nd. & 3rd. accused have made statements in their own handwriting in which they admit being members of the Communist Party and now express their wish to break away from the Party and are willing to give all information in their possession, which may lead to the arrest of other communists. The 1st. & 4th accused have also made statements to this effect.

Inspector Dong Pau (董保) of the P.S. Bureau, attended the station and was furnished with the names of several persons residing in Chinese Territory whom the accused denounced as being members of the Chinese Communist Party.

The 4th accused appeared before the Court on the morning of the 16-5-35, when he too, was remanded until the 21-5-35. In open court he made a full confession and also implicated the other accused.

A representative of the P.S. Bureau was in Court and made an application for all accused to be handed over to them. This was not granted, the presiding Judge ordering him to obtain a detatch warrant and present it in Court at the next hearing.

The 3rd accused had one previous conviction for communism in which he was sentenced to 1 year and 2 months imprisonment in the French Concession, but was found not guilty on appeal in 1933.

SHANGHAI MUNICIPAL POLICE.

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RECORD OF INVESTIGATION.

Copies of all statements and list of books etc. seized are attached.

The accused will again appear before the Court on the 21-5-35.

JK 1935
 S. H. 1/2. 5-35
 D. D. O. "1"

J. L. L.
 D. S. 12.

Mh.
 20 MAY 1935

SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY
No. S. B. D. 6714
Date /
3. 2, Special Branch, Station

SHANGHAI MUNICIPAL POLICE

REPORT

Date May 18, 1935

Subject Arrest of four Communists in Yulin Road District on
May 13 and 16, 1935.
Made by D. J. Sansom. Forwarded by *B. B. Lounsbury, D.*

Further interrogation of the four accused in this case has failed to elicit any additional useful information. They will re-appear before the Court on May 21, 1935 when they will be charged with ^{Propagating Communism} under Article 6 of the Law Governing the Punishment of Persons who commit acts injurious to the Republic of China.

The four men admit being members of the Social Scientists' League, an auxiliary organ of the Communist Party, working under the direction of one named Lee (李) who has not been located by the Police.

The work of these men centred around the opening about two months ago of the Oriental Morning & Evening (Primary) School at No. 477 Holung Road for the specific purpose of propagating Communism among students. Aside from this, all four men have on one of two occasions, some of them on both occasions, chalked slogans on walls in Yulin Road District.

A list of addresses found among literature seized at the Oriental Morning & Evening (Primary) School is supposed to have been drafted 3 years ago by a teacher named Lieu Kwei Yuan (刘桂元), who has left Shanghai. The list include the 3rd accused in this case, under the alias of Tseu Fong Kwei (周芳奎). The arrested men disclaim any knowledge of the others. Enquiries regarding the Settlement addresses are in progress.

The Public Safety Bureau are investigating a number of addresses in Chinese controlled territory of adherents of the Social Scientists' League, given by the four accused.

copy sent to Yulin Rd Station
B. B. Lounsbury
D. J. Sansom
D. S.

D. C. (Special Branch).

3
\$2
Further report please in due course. Try to find out the source, which supplied the slogans and paid the expenses of the school.
D. J. Sansom
178 MAY 1935

Put at Section 2711

5 copies.

Extract of Proceedings in S. S. D. Court for 1935/36. 19 F. I. R. No.

Sin. No. 4 6304.

Reg. No. 6/1161

Sin. Y. 201. 30. Procurator

Judge

Sheet No. 2

Accused 4/ Wong Tze Ling () Age 21. Student.

APPL. Application for writ of habeas corpus. No. 16 of 1935/36. Dated 15/5/36. For the relief of the accused. The accused was arrested in an unnumbered hut in the rear of 477 Holung Road, at 10.15 a.m. 15/5/36 as there is reasonable cause to suspect him to be an active member of the Chinese Communist party. S. 43.

Proceedings

Mr. K. K. Kum appeared for the S.M.C.
Mr. Wong Zung Loong appeared for the accused.

Mr. Kum :- This accused is suspected being a member of communist. At 9.30 p.m. on 15/5/35 S.P.O. 1464 on duty on Bikal Rd, where he arrested the 1st accused when he wrote communistic slogans on walls with three others. Later the 1st accused led detectives to 477 Holung Road where the 2nd and 3rd accused were arrested. All of them are detained in custody now. During the period of remand, detectives visited the above mentioned address, on entering the premises, this accused (4th) was running inside the hut. A quantity of papers suspected as communistic literature seized in t hut. This accused is a teacher of that school and also admitted being concerned with the 1st 2nd & 3rd accused wrote slogans on th evening of 15th May 1935. He further stated that two weeks ago, th 1st 2nd & 3rd accused and himself wrote slogans on a wall at the back of the Sacred Heart Hospital. Police visited the stated place and found the slogans which read 'Support the Red -rays', 'Supp the Soviet Red -ray' etc. This accused is willing to give up the communistic party.

Accused (4th) :- I joined the communistic party in 1930. I acted as a secretary. On 13/5/35, 1st 2nd & 3rd accused and mysr wrote slogans on a wall on Baikal Road. I do not remember when I wrote the slogans on the wall of the Sacred Heart Hospital. This book is mine (produced by Mr. Kum). Now I am willing to give u the communistic activities..

Dong Pau (representative of Shanghai P.S. Bureau) :-

Extract of Proceedings in S. S. D. Court for

19 F. I. R. No.

Stn. No.

Reg. No.

Stn.

Procurator

Judge

Sheet ⁴ 10000

all the four accused in this case to be handed over to us as they admitted being members of the communist.

Judge to representative :- they may be handed over when a dispatch is produced on the 21/5/55.

Decision..... Remand to 21/5/55 a.m. for trial.
4th accused to be temporarily detained.

*Ref. attach to file &
Jan to D.L. [Signature]*

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
File No. 6714
No. D
Date May 17, 1935

SHANGHAI MUNICIPAL POLICE.

S. 2, Special Branch

REPORT

Date May 17, 1935.

Subject..... Arrest of four Chinese Communists in Yulin Road
 District on May 13 and 15, 1935.
 Made by..... D.S. Sansom. Forwarded by.....

The three male Chinese Communists arrested in Yulin Road District on May 13, 1935 on suspicion of having chalked communistic slogans on walls, have made supplementary statements in which they admit being Communists. Copies of the statements are attached herewith.

A fourth male Chinese, implicated by the others, who was arrested in the same district on May 15, 1935, confessed on the day of arrest.

The men are all held on a Writ of Detention and they will appear before the Court again on May 21, when a further remand may be necessary to make further enquiries into the case.

A list of literature seized at the Oriental Morning & Evening School, No. 477 Holung Road, including a number of addresses, is attached herewith.

(See file)

Enquiries are proceeding.

The accused are being further interrogated by D. Sanson regarding the addresses. 17/5/35

D. Sanson.

D. S.

D. C. (Special Branch).

S2,

Further report please in due course.

J.H.
 18 MAY 1935

supplementary

Tseu Tze Bing (周志平)

Hangchow.

XX D.S. Sension.

Tulin Rd.Stn.

15.5.35.

Clerk Chiang King Yen

I was born at Penang, Malaya, on the 18th day of the 6th moon, the 8th year of the Chinese Republic (1919). My father is a native of Hangchow, Chekiang Province. He and my father-in-law both have pawn-shops at Penang.

In the 21st year of the Chinese Republic (1932) I went to Kwangtung. Later I came to Shanghai and took piano lessons at the Yakobin Piano (German) School and also at the home of a certain Chinese. I wish to be a musician and have no belief in communism. However, I was involved as most of my friends are of communistically inclined. For this reason I have a very clear knowledge of the various working systems and the clothing usually worn by members of the Communist Party, etc. It is true that I had not in the past obstructed the Communist Party, but I shall be revenged on them in the future. Let hyenas be hyenas; from now on I will serve the Kuomintang under the guidance of the Three Principles of the People, and will do my best to upset the Communist Party and atone for my past mistakes. This is no bluff. Should I have an opportunity I will go to various streets (because some members of the Communist Party can still be recognized by me) and would pretend to join their Party. Thus I would expose them.

Regarding the recent case, I will make a very true report. The Social Scientists' League is an auxiliary organ of the Communist Party. Our relations with the League were established through the 2nd accused, Wang Jih Ming (王傑明), by the 4th accused, Tsang Tze Ling (張志麟). I don't

know the dates when the person known as Li (李) (a member of the Standing Committee of the League in question) had conversations with the two aforementioned. One week later, they asked me to join them. Tsang Tse Ling in particular persuaded me with attractive words. To speak the truth, I hesitated all the time, because I had an idea that the Social Scientists' League propagated Communism, and I can say definitely that Communism cannot save China; it can only make her decadent. But at that time I had another thought existing in my mind, namely, to join the Social Scientists' League and betray it. However, before my object of securing addresses of members of the various organs of the League could be attained, I was arrested by the police.

Yee Tseng Seung (葉正揚), 1st accused, is a member of the Communist Party. He often goes out together with Tsang Tse Ling to distribute handbills and to chalk communistic slogans. One day he forced me to give him 20 cents silver with which to purchase a reactionary publication entitled "Rise Up."

Under the guidance of the Kuomintang, I will strongly oppose Communist activities in China. I have voluntarily reported to the police an address of a Workers' Supplementary School, which was opened by the 1st accused, Yee Tseng Seung. The teaching at the school was undertaken by one Miss Wang (王). I learned about this school when I was asked by Yee Tseng Seung to lend him a bed for the female teacher.

Signed: Tsou Tse King.

supplementary

Wong Jih Ming (王德明)

Kwangtung.

xx B.S. Sansom.

Kalia, H.K.

16.8.35.

Clerk Chiang King Yen

In August last year I resided in Haig Li (海格里) and there prepared myself for the entrance examination of a political school this year. At that time I met by chance a fellow-countryman named Tsang Yung (張用), a student of the Chinan University, Chenju, who is a member of the Social Scientists' League. He furnished me with various books on social science, and some pamphlets published by the League.

In October I removed my home to an un-numbered house located at the back entrance of the Kwang Hwa (光華) University, and Tsang Yung gave me more books and pamphlets.

At the end of January this year I became a teacher of English at the Dzung Zung (成成) Vocational School through the recommendation of one of my friends. I left there at the end of March owing to difference in views with the school principal, and voluntarily established the Oriental Morning & Evening School. No books and pamphlets were received by me from the League after I had become a teacher at the Dzung Zung Vocational School, and my connections with Communist organizations were therefore severed.

Unexpectedly Siao Tsang (4th accused) said to me, "We have no prospects. We are young men and should enjoy a political life. Can you obtain some connections?" I then told him that I had ^{had} no relations with the Communist Party for several months, but that I could write to a fellow-countryman named Tsang (張) at the Chinan University, who would probably obtain connections for us. As a result,

during the spring vacation, I sent letters to him and Ho Wei Fung (胡維芳 Tsang Yung's schoolmate) asking them to connect me with the League.

At the end of April one named Li (李) came up to our school on two occasions. Later, he sent to us a copy of a pamphlet issued by the League, books entitled "First Step to Leninism" and "War Tactics" and also the reference books and periodicals which were all seized by the police on the night of 13.5.35. Li instructed us how to carry out communist activities among workers.

Signed: Wong Jih Ming.

supplementary

Yee Tsang Soong (葉正松)

Anhui.

RE D.S. Hanson.

Yulin Rd. Stn.

15.5.35.

Clerk Chiang King Yoi

In August, 1933 I was working as a Communist among workers of various cotton mills in the Eastern and Western Districts of Shanghai. Between September and October I was introduced to D.I. Kuh Pao Hwa by my friends So Hing Sung (沙銀生) and Li Hai Foong (李海峰 C.D.C.280) and was then employed as an informer with S. 2, Special Branch.

Later, I gave information concerning a Communist base in Hsin Hwa Li (新華里), Pingliang Road, and 3 Communists were arrested. The first, named Loo King Sun (羅金山), was sentenced to 5 years' imprisonment, and the other two to 2 years and a half imprisonment each. In this connection I was given by D.I. Kuh Pao Hwa a reward of \$50 through the hands of the C.D.C. Li Hai Foong.

In December 1933 about 100 Communists gathered at the Zung Tai Dong Benevolent Institution on Pakhoi Road and demanded that rice be issued to them. I passed this information to C.D.C. Li Hai Foong who in turn transmitted it to D.I. Kuh Pao Hwa. The crowd was eventually dispersed by the police.

From that time up to the beginning of this year I haven't met any Communist. On April 7 or 8, 1934, I went to study at the Oriental Morning & Evening School, Kaling Road, and began to meet Wang Jih Ming (王傑明), Tsou Tsou King (周士平), and Tsang Tse Iang (張志讓). After having studied at this school for some time, I found that they are all comrades of the Communist Party. Later, I chanted Communist slogans on walls on two occasions, but for the

- 2 -

second occasion when I was in chalking on a wall on Baikal
Road near Lay Road, I was seen and arrested by C.P.C.1464.

I have not been a police informer since
December 1933.

Signed: Yee Tsang Soong.

Addresses found in a diary book (Exhibit No.17) seized
with communistic literature in a raid on No. 477 Holung
Road at 2.30 a.m. 14.5.35. (Belonging to accused Tseu Sz Bing)

1. Mr. Ho Chung Ming (何仲民),
Ho Hong Old Mills (1931), Ltd.
61, Chulia Street,
Singapore.
2. Mr. Ho Ing Hwa (何英華),
Siao Poh Kong (小北坑),
c/o Vah Yuan (萬源) Shop,
Yang Mei Dien (楊初田),
San Wu Wu Liao (三河湖廟),
Swatow.
3. Mr. Li Kwang Shih (李光澤),
18 Bukit China, Malacca.
4. Mr. Chao Shu Wan (趙樹南),
Khoen Kiat
Kramat-gantung No.116,
Soerabaia (Java).
5. Mr. Yue Zang Liao (余盛煥),
c/o Sam Lee Co.,
Teluk Anson,
Perak,
F.M.S.
6. Mr. Waung Suh Doo (黃式度),
No.29, Pao Zou Li (寶壽里),
Paotung Road (空通路).
7. Mr. Tseu Fong Kwei (周芳奎),
Room above kitchen, 3rd floor,
No. 61 Boo Kao Li (步高里),
Rue du Roi Albert,
French Concession.
8. Mr. Chao Soh Seu (趙淑修),
No.39, Dah Loh Fong (大隆坊),
Avenue Dubail,
French Concession.
9. Mr. Yang Siao Bing (楊笑萍),
c/o Kung Sz Bing (龔自平),
Kai San Tsu (龔三書),
Dah Kong Zai (大港站),
Tsingtao.
10. Mr. Kiang Yung (江榮),
c/o Chen Tseng Yuen (陳鎮遠),
National Normal College,
Liu Lee Tshang (流德融),
Peiping.
11. Mr. Lieu Sih Kwang (劉雪光),
Kung Yuan (公源) Lumber Hong,
Nan Poh Hong (南北行),
Hongkong.
12. Mr. Tan Hoong She (戴鴻祥),
Overseas Chinese Dormitory,
Chun San University,
Canton.

- Mr.
13. /Chen Fong Lih (陳芳烈),
190 Hai Moh Road (海馬路),
Chi Loh (崎路),
Swatow.
14. Mr. Oo Kai Yah (伍堪雅),
Oo Doong An (伍同安),
3rd Floor, No. 34 Zang Zou Si Road (長壽西路),
Si Kwei (西園),
Canton.
15. Mr. Kiang Yung (江榮),
8 Hsin Bee Koo Ho Doong (新皮庫胡同),
Si Tan (西單),
Peiping.
16. Mr. Kien Ping Jien (簡秉恆),
c/o Yuan Tseng An (阮鎮安),
No. 1, Kwo Ling Fong (廣濟坊),
Chuen Kung Road, (川公路),
Hsin Kwangtung Ka (新廣東街) Street.
17. Mr. Chen Tsch Zou (陳卓茲),
c/o Mr. Liang Tien Ngoo (梁天猷),
Yien Dai (現代) Middle School,
Markham Road.
18. Mr. Chen Tsing Seu (陳清秀)
Peiping Arts College,
Yuan's (袁) Garden,
Yueh Dai Dah Mung (月大門),
Si Zung (西墩),
Peiping.
19. Mr. Soo Mai So (蘇曼莎),
c/o Li Ngoh (李昂),
404 Rue Lafayette.
20. Mr. Chen Kwang Jih (陳光傑),
19 Woo Loong Ka (馮龍街) Street. X
21. Mr. Ho Ien Sung (何燕燕),
1 Siao Nan Tsai Yuan (小南深院) X
San Tu Hong (三多巷)

c/o Wei (韋)
22 Hsin Tien Ziang Li (新天祥里), F
Rue Amiral Bayle.

c/o Van Sz Chao (范如劇),
Jin Ho Dong (人和堂) Medicine Shop, X
Si Yang Shu (西洋墟),
Soong Kou (松口),
Swatow.
- Mr.
22. /Waung Suh Doo (黃式度),
No. 7, Lane 217, Yates Road. (Temporary residence) X

The General Inspection Room,
Provisional Office,
S-N & S-H-N Railways Administration, X
6 Szechuen Road.
23. Mr. Chen Tsoong Luen (陳仲倫),
459 Hwa Tsung (華都), X
Jessfield Road.

24. Mr. Ho Kang Ying (胡庚英),
45 Tien Zung Li (天咸里),
Route Stanislas Chevalier.
25. Mr. Wei Pong Tan (韋棒丹),
P.O. Box 1973,
Shanghai.
26. Mr. Lieu Sih Kwang (刘雪光),
6 Yah Loo (雅露),
Shui Yoong Ka (聚榮街) Street,
Ho Nan Mong Sung (河南常聖),
Canton.
27. Mr. Chen Foh Sai (陳福端),
Ngho San College (鶴山學院),
Hwa Ning Li (華寧里),
Waung Li Hong (黃黎巷),
Canton.
28. Mr. Yang Van Sun (楊萬生),
Provisional Office of the Chinan University,
c/o Tung Wo (東吳) University,
Tien Sz Tsaung (天賜莊),
Soochow.
29. Mr. Tan Hoong She (譚鴻禧),
c/o Mr. Chao (趙),
3rd floor, No. 2, Yien Yuan Si San Ka (鹽運西三街),
Canton.
30. Miss Chen Siao Cneu (陳小娟),
No. 4, Passage 256.
Opposite Van Nyi Fong (萬宜坊) alleyway. ?
31. Mr. Ho Pah Zah (何百若),
462 Moh Loh Li (馬樂里),
Rue Paul Beau,
International Settlement (?)
32. Mr. Tseu Fong Kwei (周芳奎),
c/o Mr. Chen Seu Zang (陳贊帶),
5 Chi Chong Li (慈昌里),
Route de Zikawei. X
33. Mr. Kiang Yung (江榮),
72 Loong Tsing Chung Road (新津中路),
Si Kwan (西園),
Canton.
- ~~24x~~
- Mr. Kan Ping Kim,
No. 15 Terrace 1032,
Yu Yuen Road, Shanghai.
34. Mr. Ho Zang (何常),
c/o Mr. Ho Yoeh Tsing (何玉清),
The Tse Kong Medecine Shop (志康藥局),
Doong Wen Road (同文路),
Amoy.
35. Mr. Tseu Yueh She (周月軒),
The Lieu Ziang Shing Carpenters' Shop (劉祥興),
102 Fu Zung Li (輔仁里),
South Chengtu Road,
Shanghai.

36. Mr. Liao Zah Sien (廖若先),
The Woo Hoon Kee (吳鴻化) Lumber Shop,
91 Sze Ching Road,
North Szechuen Road,
Shanghai.

37. Mr. Wu Yu Chu (吳玉祖),
c/o Mr. Kwauh Hai Bing (郭海平),
Hwa Chung (Hwa Hwa Middle School 華中
Seymour Road. ?)

Mr. Wu Yu Chu (),
The Hung Foong Ziang (恆丰祥) Store,
Upstairs back room, No. 515 Connaught Rd
Cr. of Ferry Road.

38. Mr. Tsang Foh An (張福安),
36 Tan Ka Zah (譚家宅),

39. Mr. Wu Yu Chu (吳玉祖),
c/o Goek Lien,
Borneo, D.E.I.

40. Mr. Chen Doo Moo (陳杜摩),
c/o Mr. Loo Choh Tien (羅覺天),
Kiangnan College,
Connaught Road.

No. 7 Nan Chai Lien Hong (南標蓮巷),
Sze Zien Ka (司前街) Street,
Si Lung (骨門),
Soochow.

41. Mr. Chen Fong (陳芳),
New No. 51 Kung Ho Road (共和路),
Swatow.

42. Mr. Waung Suh Doo (黃式度),
G.144 Dao Yuan Fong (桃源坊),
North Kiangse Road.

43. Mr. Ho Kang Ying (胡庚英),
c/o Hwa An (華安) Hsien Government,
Amoy.

c/o Ho Tsoong Ying (胡仲英),
The Tax Collection Bureau,
Hsin Shui (新埕),
Hwa An Hsien,
Amoy.

44. Mr. Tseu Tse Yah (周啓俠),
Tseu Yueh Sien (周逸先),
48 Hwa Ling Fong (華林坊),
North Gate,
Foochow.

Accused: Wong Jeh Ming
(王傑明)

List of pro-communist literature seized at 2.30 a.m.
14/5/35 at No. 477 Holung Road.

	<u>Copy</u>
1. Book: "A Prisoner in Siberia"	1
2. Book: "The Second International & the Third International"	1
3. Book: "Road"	1
4. A pad containing extracts from the Chinese History relating to the Opium War (1840-1842) and the Tai Ping Rebellion (1850-1864). (written in pencil).	
5. Photographs:	
a) Five persons: (three men, one woman and one girl).	
b) Two persons: (one woman and one child).	
c) One person: (two copies)	
6. 13 film negatives.	

Books Thrown Out Of The Window
in the room occupied by the accused.

7. Book: "The Communist Manifesto of Marx & Engels" - (D. Ryazanoff)	1
8. Book: "War in China" - (Ray Stewart)	1
9. Book:	
9. Textbook on Esperanto entitled "La Teksto Unua" published by the Japanese Proletarian-Esperanto Union.	1
10. Pamphlet: "Maxim Gorki to Foreign Workers" issued by the Co-operative Publishing Society of Foreign Workers in the USSR, Moscow.	1
ix	
<u>In Chinese</u>	
11. Book: "War Tactics"	1
12. Book: "First Step to Leninism"	1
13. Several sheets of paper containing notes on philosophy.	
14. A post card containing a picture of two foreign refugees.	

Accused: Tseu Sz Bing
(劉 士 平)

List of pro-communist literature seized at 2.30 a.m.
14/5/35 at No. 477 Holung Road.

<u>In English</u>	<u>Copy</u>
1. Book: "The Life and Teaching of Karl Marx" - (M. Beer)	1
2. Book: "Soviet Trade Unions" - (Robert W. Dunn)	1
3. Book: "Village Life under the Soviets" - (Karl Borders)	1
4. Book: "The New Schools of New Russia" - (Lucy L.W. Wilson)	1
5. Book: "Woman in Soviet Russia" - (Jessica Smith)	1
6. Book: "New Tactics in Social Conflict" -	1
7. Book: "Schools Teachers and Scholars in Soviet Russia"	1
<u>In Chinese</u>	
8. Book: "Iron Current"	1
9. Book: "The Last Day"	1
10. Book: "New Education in Soviet Russia"	1
11. Book: "Theory on Historical Materialism"	1
12. Book: "A Tour of New Russia"	1
13. Book: "The Philosophical Foundation of a New Society"	1
14. Book: "Treatise on the League of Peasants and Labourers"	1
15. Book: "Sonin" (?)	1
16. An album containing photographs.	
17. A diary book of a general nature.	
18. One box of chalks.	
19. Two photographs (Tseu Sz Bing and his wife)	
20. Two named cards of Tseu Sz Bing.	
21. Empty envelopes, unposted, bearing the following addresses:-	
a) Miss Chin Thew Heang, (陳 秋 香) 25 Green Hall, Penang, S.S.	
b) Mr. Chin Khoong Toong, (陳 孔 頌) 25 Green Hall, Penang, S.S.	

(found at No. 477 Holun Road) page 2.

- c) Mr. Chen Yien (陳鹽), F
43 Yuan Chong Li (元昌里),
Rue Voyron,
French Concession.
- d) Mr. X
Ying Siang Road,
Kiangwan,
Shanghai.
- e) Mr. Li Ching Huang (李景旺), X
Szechuen Middle School,
Ichang, Szechuen.
- f) Mr. Sze Ming (池明), X
Hsien Government,
Hangchow.
- g) Mr. Tsai Lih Ming (蔡立民), F
Arts College,
Rue du Marche,
French Concession.

22. One mimeograph duplicator.

Section 2, Special Branch.

May 17, 1935.

Communist Propaganda: 4 Arrests - Prosecutions

Three male Chinese responsible for the chalking of communist slogans on walls in the Yulin Road District, were arrested by the Municipal Police on May 13. A fourth person, who was implicated by the prisoners, was arrested on May 15.

The four men are at present detained on a Writ of Detention and will appear before Court on May 21 when a charge of Propagating Communism will be preferred against them.

SHANGHAI MUNICIPAL POLICE.

ARREST REPORT.

6714
16/5/35

CRIME REGISTER No. 284/35 Misc.

Yulin Road. Division
Police Station.
15-5-35 17

(One form to be used for each person arrested)

Name, age, occupation and address of person arrested.

Chang Tee Ling (張志麟) 21, Shanghai, S/Student, res-
in an un-numbered hut in the rear of 477 Holung Rd.

Arrested by

D.S. Glanville & C.D.S.I. Yang Pei Sheng.

Date and place where arrest took place.

15-5-35, in the rear of No. 477 Holung Road.

Crime Register No. of offence for which arrested. (If an arrest for outside authorities details of offence for which arrested.)

Application for a Writ of Detention.

Enquiries being continued in this case, a visit was paid by C.D.S.I. Yang Pei Sheng & the undersigned to No. 477 Holung Road at 10-15am 15-5-35, when whilst there, the above named person was seen to dart away into a hut in the rear of the premises. The undersigned ran after him and succeeded in arresting him.

He proved to be the above named who is implicated by the 1st accused as being one of the men who wrote the Communistic slogans on the wall on Baikal Road near Lay Road on the night of the 13-5-35 at about 9-45pm.

Interrogated, he admitted his guilt, and also implicated the 1st & 2nd accused.

His hut was searched and a few papers and books were seized, the nature of these is not yet known.

He further admitted that about 2 weeks ago, he, together with the 1st, 2nd, & 3rd accused, together with one Mah (馬) not yet arrested, at about 10pm, going to the rear of the Sacred Heart Hospital, and painting Communistic slogans on a wall. He led the undersigned and C.D.S.I. Yang to

Name of investigating officer.

D.S. Glanville, C.D.S.I. Yang, C.D.C.'s 220 & 225.

Initials of Senior Detective.

This report is to be forwarded to Headquarters on the morning after arrest. It will be returned for particulars on back to be completed. In case of arrests for outside authorities, no Crime Register Number to be shown.

(OVER)

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— 154/35 Misc.

Division.

Police Station.

19

Diary Number:— 2.

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

(2)

Chiesyang Road near Weiman Road, Y'poo district, where on walls in the rear of the Sacred Heart Hospital, the following slogans were found painted thereon in Chinese ink:-

- (1) Support the Soviet Red Army (擁護蘇維埃紅軍)
- (2) Support the Red Army (擁護紅軍)
- (3) Down with the Kou Min Tang (打倒國民黨)
- (4) Restore the workmen's arms (恢復工人武裝)
- (5) Oppose the cultural control of Fascism (反對法西斯帝
的文化統治)
- (6) Be prepared to strike in memory of May the 30th (準備
罷工紀念五卅)
- (7) A drawing  and Support the Soviet Red
army (擁護蘇維埃紅軍)
- (8) Down with the Imperialistic tool, Christianity (打倒
帝國主義工具耶穌教)
- (9) Down with the Kou Min Tang (打倒國民黨)
- (10) May 9th in commemoration of China's shame (五九
國耻紀念)
- (11) Oppose the Fascisti oppression of revolutionary
movement (反對法西斯帝壓迫革命運動)

Chang freely admits being a member of the Chinese Communist Party, but states that he now wishes to break away from the Party & is willing to give all the information in his power about other Communists known to him.

D.S. Samson of the Special Branch is at present interrogating Chang.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— **186/35**

..... Division.
..... Police Station.
..... 19

Diary Number:— **2.**

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION. (3)

Chang will appear before the Court on the morning of the 16-5-35, when his remand until the 21-5-35 will be asked for, the date set for the next hearing.

J. Knight 15/5/35
Senior Detective.

J. J. Lander
D.S. 12.

Officer in Charge Special Branch

~~D.S.O.~~ "B" Division.

S2, For full report in due course. Who instigated him to write the slogans? Who taught him the slogans to write?

D. S. Sansom

J. J.

16 MAY 1935

16/5/35

Tsang Tso Ling (張志麟),

Shanghai

xx D.S. Bureau.

Tullin Rd. Sta.

18.5.36.

Clark Chiang King Young

My name is Tsang Tso Ling (張志麟), age 31, native of Shanghai, residing with my mother Tsang Tso Sz (張周氏) at an un-numbered house adjoining No. 477 Holung Road.

I was educated at the Tang Wei (團惠) Primary School, French Concession, and at the Yangtseepoo Social Centre, No. 84 Yangtseepoo Road, where I studied for 6 and 2 years respectively. I left the latter school at the age of 17, and joined the Communist Party through the introduction of a male named Woo (吳). I haven't seen him for the past 2 years. The Communist Party through a member named Wong arranged for me to take over the latter's post as principal in the Ming Sang (民生) Primary School located in the Daung Sung Li (順成里), Tau Ka Ba Road, near Kiangshen Road. There were about 30 pupils in the school of ages ranging between 10 and 20. Two other teachers named Kan Yu Ming (可雨民) and Zou (徐), a female, assisted me. This school had been established by the Communist Party for 6 months before I obtained my appointment. Pupil fees were sixty cents per month. Our object was to spread communist propaganda among the pupils whilst giving other lessons. I received no pay from the Party and had to subsist on the fees received from pupils. The school closed down after I had been employed there for 3 months, because Yangtseepoo Police Station had been informed of our activities. The police raided the school (in 1936) and succeeded in arresting in arresting Kan Yu Ming aforementioned. The female teacher and myself absconded.

In 1933 I severed my connections with the Communist Party and obtained a job as mess-cook on an American warship named "Smith-Thomson" (Destroyer No. 212). I left this job after 4 months service and became unemployed for 6 months, being supported by my mother who derives money from land owned by her.

In 1934, from March to May, I was employed as a mess-cook on American destroyer No. 222. From May till January of this year I was again unemployed.

With the knowledge of English acquired aboard American warships I took (January, 1935) became a teacher of English at the Daung Kung Vocational Middle School (大港中學) located in the Daung Kung Li, Tsu Ku Sa Road. I obtained the post on my own initiative. Through lack of school funds I had to resign in February.

Two other teachers were forced to resign with me, namely Fong Jih Ming (方傑明) and Tsau Tsau Bing (周士平). (the 2nd, 3rd accused in this case). Together, we established the Oriental Morning & Evening School, located at No. 477 Kelung Road, during February, 1935. The school was opened without any communist influence as far as I am aware, and was financed by the 3rd accused to the extent of \$60. This individual stated that he had obtained \$300 from his wife, which money she had submitted to her from her parents at Penang. Two weeks after the school had been established the 2nd accused instructed me to continue communist activities. A few days later he brought along a male named Lee (李),

who is a member of the Communist Party. Lee instructed myself and the 3rd accused through the medium of the 2nd accused to chalk communist slogans on walls, etc. Communist literature was brought to the school by the 2nd accused. Some of it was distributed outside of the school by us. Six pupils age 7 or 8 years attended the school at a fee of 20 coppers to 40 cents a month.

Yee Tseng Soong (葉正松), 1st accused, has been known to me for 4 years. He is a member of the Communist Party. He was with us at the Dawng Tsung School, where he sold stationary to the pupils. Later, he went with us to the Oriental Morning & Evening School.

Since we opened the last mentioned school we have chalked slogans on walls on two different occasions. The first time, on about May 6, 1935, we used a wall behind the Sacred Heart Hospital on Ningkuo Road. Five of us participated, namely, the 1st, 2nd, and 3rd accused, myself and another known as Ho (何). On the second occasion, 4 of us participated, namely, the 1st and 2nd accused, myself and Ho. Whilst we were in the act a Chinese policeman saw us. I have met Ho on many occasions but I have never been to his home and have no idea of his whereabouts.

Signed: Tsang Tse King

Form 101
REVISED 1/31
C. 100 W. 431

St. No. 300 100 00 of 25 yrs.

Extract of Proceedings in S. S. D. Court for 15/5/35. 19 F. I. R. No. 100-100-300 Stn. No. 46099-101

Reg. No. 6/91118-20 Stn. Yulin Road. Procurator Judge Chow.

Accused	1. Yee Tsang Hoong	()	Age 20. Student
	2. Wong Jih Ming	()	25. Teacher
	3. Tsem Tsang Bing	()	16. Student.

Charge Application:-
Writ of Detention, under Art.s 42 and 66 of the C.O.P.
 Application is hereby made for the detention of the three accused who were arrested (1) at 9.45 p.m. on 15/5/35 on Baikal Road near Lay Road (2nd and 3rd) at 10.30 p.m. on 15/5/35 at 477 Hoi Lung Road as there is reasonable cause to suspect them of being active members of the Chinese Communist Party.
 Compt. S.S.D.

Proceedings Mr. King S Kum appeared for the S.S.D.

Mr. Kum :- The three accused are suspected being communists. At 9.45 p.m. on 15/5/35, C.P.C. 1404 whilst on duty on Baikal Road saw the 1st accused with three others writing slogans on walls. When the 1st accused was arrested, he threw a piece of chalk (produced) on the ground and the three others ran away. At the station, enquiries were made by C.P.C.s 220 and 365 who found the slogans were written in nine different places, such as 'Comm with Comaintand' 'Come forth and protect Soviet' etc. When the 1st accused was questioned, he stated that himself, Siun Tsang and Mah were walking together on Baikal Road and he led the detectives to 477 Hoi Lung Road (Oriental Morning & Evening School) where the 2nd and 3rd accused were arrested there. A search was made and a quantity of communistic books were seized and several books were thrown out of a window (produced) and a duplicating machine was also found. The 2nd accused was identified by C.P.C. 1404 as one of the men who wrote the slogans so I ask that all the three accused be detained for further enquiries.

C.P.C. 1404 :- At 9.45 p.m. on 15/5/35 I was on duty on Baikal and Lay Roads corner, I saw the 1st and 2nd accused writing slogans on walls, so I arrested the 1st accused and then he threw a piece of chalk on the ground and the others ran away, they wrote six or seven slogans on walls.

1st accused :- I did not join the communist party. I was asked by the 2nd accused, Mau and Mah to take a walk on the road

Extract of Proceedings in S. S. D. Court for

19 F. I. R. No.

Stn. No.

Reg. No.

Stn.

Procurator

Judge

Sheet No. 2.

2nd and 1st wrote the slogans and I was standing beside them. I did not know what they were writing on walls. The 2nd accused is a teacher of the Oriental Morning and Evening School. I was studying in that school. I had no chalk in my possession.

2nd accused :- I am teacher of the Oriental Morning and Evening School. I am not a communist. I did not write any slogans. I do not know who wrote them. I was walking together with the 1st accused, Tsang and Lau Wah. Tsang and Lau Wah both are school teachers. I do not know their full name. The books are mine (indicating books which were seized outside the window). This is my writing (Judge showed ^{him} some paper writings) I am learning the communistic books. I did not throw the books away.

3rd accused :- I live at the school. One named Tsang is the president of the school. I let the school room to Tsang who did not pay any rent. I did not ~~let~~ join the communistic party. I do not like communist. I have no communistic books. I have nothing to do with that school.

Decision..... Remand to 21/5/35 a.m. for trial.

No.

D. C. Special Branch,
li: Information and
forward of return

Boyle
16/5/35

SHANGHAI MUNICIPAL POLICE

ARREST REPORT

No. D 6714
Date 14-5-35

CRIME REGISTER No. 186/35

"D" Division

Yulin Road Police Station

14-5-35

(One form to be used for each person arrested)

Name, age, occupation and address of person arrested.

- (1) Yee Tsang Soong (美正松) 26, Amohai, N/Student, residing at No. 21 Tong Shing Lee, Ts-Ka-Pa Rd, Y'poo Road.
- (2) Wong Jih Ming (王世明) 23, Canton, 477 Holung Road.
- (3) Tsau Tsau Bing (司徒平) 16, Canton, 477 Holung Road.

Arrested by

- (1) C.P.C. 1464.
- (2&3) D. S. Glanville, S. E. Stevenson, D. S. Beloshenko, C. D. C. 325.

Date and place where arrest took place.

- (1) 13-5-35, Baikal Road near Lay Road.
- (2 & 3) 13-5-35, 477 Holung Road.

Crime Register No. of offence for which arrested. (If an arrest for outside authorities details of offence for which arrested.)

Application for a Writ of Habeas Corpus.

At 9-50pm 13-5-35, C.P.C. 1464 brought to the station the 1st named, whom he arrested at 9-45pm even date, on Baikal Road near Lay Road, for being concerned with 3 others, who had escaped, in writing slogans in white chalk of a communistic nature, on a wall in that vicinity.

The undersigned and C.D.C. 325 & 220 made enquiries and C.D.C. 220 made a copy of the slogans written on the wall, and are as follows:-

- (1) "Down with the Kou Min Tang" (打倒国民党)
- (2) "Come forth & protect the Soviet" (擁護蘇維埃)
- (3) "Down with the Fascists" (打倒法西斯蒂)
- (4) "Down with the Fascisti & the Kou Min Tang" (打倒法西斯蒂與國民黨)
- (5) "Come forth & protect the Soviet Red Army" (擁護蘇維埃紅軍)
- (6) "Labourers cannot be dismissed for no reasons" (反對無故開除工友)
- (7) "Offer assistance to labourers on strike for May 9th memorial day" (援助五九罷工工友)

Name of investigating officer.

D. S. Glanville, C.D.C.'s 325 & 220.

Initials of Senior Detective.

This report is to be forwarded to Headquarters on the morning after arrest. It will be returned for particulars on back to be completed. In case of arrests for outside authorities, no Crime Register Number to be shown.

(OVER)

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— 186/35 Misc. Division.
..... Police Station.

Diary Number:— 1. 19
 Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.
(2)

- (B) "Come forth & protect the ed Army, & down with the Kou Min Tang" (擁護紅軍打倒國民黨)
- (C) Long live the ed Army" (擁護紅軍萬歲)

The C.P.C. stated that at the time of his arrest he saw the 1st named throw away a piece of chalk, which the C.P.C. picked up from the ground.

Interrogated the 1st named admitted his guilt, inasmuch as he was present at the time the slogans were written, but stated that the slogans were not written by him, but by the 3 persons who had escaped, he, 1st named was acting as lookout, to warn the others on the approach of the police.

He stated that about 1 week ago he joined the Oriental Morning & Evening School (東方早晚學校) situated at No. 477 Hailing Road, where he became acquainted with the 3 men who had escaped. These 3 men namely:-
 Wong ^{Jin} Shiao Ming (王傑明) & Shiao Cheng (肖成) both teachers at the school, and one Mah (馬) a student like himself.

He states that at about 9pm even date all 4 men left the school at ~~about~~ the invitation of Wong ^{Jin} Shiao Ming, the 2nd named, who invited the others to come out and play.

All four men walked to Baikal Road, where Wong, Ma & Shiao Cheng wrote slogans on the wall, whilst the 1st named kept guard.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— **186/35 Misc.** Division. _____
Police Station. _____
.....19

Diary Number:— **1.** Nature of Offence:— _____

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

(5)

Acting on this information, a party of police consisting of S.I. Stevenson, D.S. Beloshenko, C.D.C. 325 & the undersigned, led by the 1st named at about 10-30 pm 12-5-35, made a raid on premises situated at No. 477 Holung Road, the aforementioned school.

At the time of the police visit, all outer doors were locked, so we were forced to knock on the door. The inmates took a long time to open the door, and a noise was heard in the rear of the premises, as if an object had struck the bamboo fence which surrounds the rear of the premises. S.I. Stevenson who was in the rear of the premises saw the 3rd named leaning out of a 1st floor rear window, but whether it was him who threw the object he cannot say.

On the door being opened the police party proceeded to a 1st floor front room, in which were the 2nd & 3rd named persons, the 3rd named's wife, Tseu Zung Sz (用 陈氏) 17, Canton, and in an adjoining room was found another female, the mother of the 3rd named, Tseu Zung Sz (用 陈氏) 53, Canton, & one Zu Fong Chia (徐福喜) 18 Hongchow, 1st/tailed, residing on the premises.

The 2nd named person was identified by the 1st named as being one of the persons who had written the slogans on the wall.

The 3rd named was also identified by him as being the principle of the school.

A search was made in the rear of the premises and

This man is also identified by the C.P.C. as being one of the men whom he saw writing on the wall.

1. previous been written for Commission

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—186/35 Misc.

..... Division.

..... Police Station.

..... 19

Diary Number:—1.		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

(4)

down by the side of the bamboo fence was found a parcel of books wrapped up in newspaper. These were evidently the "subject" thrown.

These books are of a Communistic and pro-Communistic nature.

All male persons were brought back to the station and questioned by D.S.I. Prokofiev & D.S. Jones of the Special Branch who had been informed of the occurrence.

The 2nd named denies everything, including the throwing of the books out of the window, although the 3rd named states that he, 2nd named is the culprit.

The 3rd named denies having any connection with the school, and states he is a student of music.

A search was made of the school premises, and a number of books etc, and 1 duplicating machine was seized by the Special Branch. There has not yet been time to ascertain the nature of the books seized.

A visit was paid to the home of the 1st named, situated at No. 21 Tong Shing Lee, Ts-Ka-Pa, Y'poo Road, and his room searched, without result.

The arrested men state they are not aware of the whereabouts or domicile of either Ma or Shiao Chang.

The tailor arrested, Zu Song Chia, states that he rents a room on the school premises, which he uses as a workshop, this is corroborated by the remainder of the arrested men and the females, and as there is no evidence against

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— 186/36 Misc.

..... Division.
..... Police Station.
..... 19

Diary Number:— 1.

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day
--	--	--

RECORD OF INVESTIGATION. (5)

him he was allowed to go.

As there has been no time to enquire into the case thoroughly, the arrested men are placed on a writ of Detention, and when they appear before the Court on the morning of the 14-5-35, an application will be made for their detention, to enable the police to make further enquiries.

JK 14/5/35
Senior Detective.

J. Glanville
D.S. 12.

D.D.O. "D" Division.

Dep. Com. L.P. Beh.

Sir, Information.

14/5/35

S2, The good work of these officers should be kept in mind, with a view to efforts being made to secure recognition for it when a suitable time comes.

14 MAY 1935

Yee Tseng Soong.

Anhui

D. S. Jones.

Y. R. Station

14-8-35.

My name is Yee Tseng Soong (葉上松) alias Lau Hoo (老胡) age 25, native of Anhwei. My father was a farmer; he died six years ago, while my mother is living at Weiwillee (无为縣, Luogai (廣川府), Anhwei. From the age of 7 to 9 years, I attended a primary school at Wuzillee, On leaving school, until I was 18, I helped my father on his farm. Harvests were poor and so I came to Shanghai in search of work. For two years I worked at the Sung Sing Cotton Mill, Yangtszepoo. This mill closed down and I then went to the Doong Shing (同興) Cotton Mill at Linching Road. I remained at this mill until about a year ago and then resigned owing to eye trouble and earned my living as a hawker selling peanuts and turnips. I am still living at the Doong Shing Mill.

One week ago I began to attend the Oriental Morning and Evening School (東方晚學校), No. 477 Holang Road to study elementary Chinese characters. I first knew of the school when I saw an advertising posted outside the school. Fees are only 20 cents a month.

At 5 p.m. on the 13th I left the school in company with a student named Ma (馬) and Wong (王) (2nd accused). When we reached Baikal Road and Lay Road corner Wong and Ma began to write on the wall. They told me to keep a look-out, which I did. a policeman appeared. Wong and Ma ran off and I was arrested.

I am not a communist and I do not belong to any political party.

Wong Jih-ming (王傑明)

Shingning (兴宁)

D. S. Jones

Yulin Rd Station 14/5/35

Clerk Loh Wei-kong

My name is Wong Jih-ming, age 23 years, I was born at Shingning (兴宁), Kwangtung. My parents are still alive and run a clothing and toy shop in this town. At the age of six years, I began to attend the Shingning Middle School and studied there until May, 1934, when I graduated. I then went to Nanking and would have joined the Central Political University in that city, but I failed to pass the entrance examination in July. On August 4, I came to Shanghai. The following day I sat for the entrance examination to enable me to enter the Tsing Hua (清华大学) University at Peiping, but I failed again. From August to October, 1934 I lived in Avenue Haig (number forgotten). After this I lived at No. 67 Great Western Road (Chinese Territory) until the end of December. I receive approximately \$200 a year from my father as living expenses.

Since January of this year I have been employed as a teacher of English at the Zung Zung Commercial School (诚成中学), Chow Ka Sa Road. I am now residing at No. 477 Holung Road.

I am not a communist, neither do I belong to any political party.

At about 9 p.m. on May 13 I was walking with a pupil named Lee Hoo (老胡) (Yee Tseng-soeng 吴志松), to whom I have given lessons at my home. Although I am his teacher I do not know his full name. I was walking in front of Lee Hoo and did not know he had been arrested

- 2 -

for writing communist slogans. I was back home at roughly 9.45 p.m. A few minutes later the Police called and arrested me. The pro-communist books found at my home were for purposes of study.

(Signed) Wong Jih-ming.

Tsao Tsao-bing (周士平)

Hangchow

S.S.I. Prokofiev

Tulin Rd Station

14/5/35

Clerk Loh Wei-kong

My name is Tsao Tsao-bing, age 16, native of Hangchow, married, student of music, residing at No.477 Holung Road. I was born at Penang where my father conducts a parishop. From age of six, I attended school at Penang for about nine years, after which I went to Shanghai, arriving here in April, 1934. In Shanghai I have been studying music at the Zung Yien (宗堃) Piano School, No.45 Yuen Chong Li, Route Vallon, and since recently also at the Yacobi School for Music, situated at Route des Sœurs. While in Shanghai I resided at various addresses until March, 1935 when I removed to No.477 Holung Road. At this address, there is a school named Oriental Morning & Evening School (東方晨夜校). I am occupying a room in that house together with my wife and my friend named Wong Jih-ming (王健明), the 2nd accused whom I met in Shanghai about two months ago. Wong and another man named Tsang (蔣), whose address I do not know, are the proprietors of the school. Yee Tseng-sung (葉松松), the 1st accused, used to call on Wong two or three times a week. I never talk to him and I therefore do not know where he lives and what his business is. At about 9 p.m. on May 13, Wong went out and returned at about half past ten. At this time I was already in bed. Soon afterwards the Police arrived and arrested Wong and I myself. At the time the Police arrived I was already asleep and therefore did not see who throw the books out of the

- 2 -

window. All books and the duplicator found in our room belong to Wong. I am not a communist, and know nothing about communism. I am living on the money which *pl.* my father regularly remitted to me.

(Signed) Tsau Tsu-bing.

Date

(Crime Branch) Office Notes

POLITICAL ARRESTS FOR INFORMATION.

STATION.. YULIN ROAD..... STATION No. 6101A.....

NAME..... TSEU TSZE BING..... (周士平)

DATE OF ARRESTED..... 14.5.35.....

CHARGED WITH..... COMMUNIST.....

HAS BEEN PUBLICLY CONVICTED UNDER NAME OF
..... TSEU FANG KOU.....

PHOTO No.....

CONVICTIONS.

Communist 1 year & 3 months
Imprisonment 30.6.32. French 64315

J. Diction

D. S. I.
Officer i/c F.P.B.

S. J. Escent.

*Information
JA. 11/5/35*

D-6716

D-6718

6716
24-2-36

February 24 36.

Secret

My dear Barton,

With reference to your letter dated
February 10, 1936, I forward herewith for your
information a copy of a report regarding
Peter Boris Silin.

Yours sincerely,

Enclosed.

J.P.S.

James Barton, Esq.,
H.B.M. Consulate-General,
Shanghai.

FM-2
G. 40M-9

Secret
202-c

SHANGHAI MUNICIPAL POLICE
No. File No. 6716
Date 22-2-36

SHANGHAI MUNICIPAL POLICE.

Section 2, Special Branch

REPORT

Date February 22, 1936

Subject Communication dated February 10, 1936, from the H.B.M. Consulate
General concerning P. B. Silin, ex-warder No. 16 of the Shanghai
Municipal Gaol.
Made by D. G. I. Prokofiev. Forwarded by *DBL* D. I.

Peter Boris Silin, Russian emigrant, was born March 22, 1898, at Omsk, Siberia. According to the application form he filled up when applying for employment with the Shanghai Municipal Police it appears that he left Russia in 1918 and went to Manchuria where he served in the White Russian Army during 1919 as an engineer on armoured trains. Following the taking over of the Chinese Eastern Railway by the government of the U.S.S.R. in 1924 he left Manchuria for Shanghai arriving here in June of the same year. In Shanghai he was employed with the restaurant KAVKAZ, No. 86 Range Road, from 10.8.24 to 10.7.25, the Astor House Hotel from 10.7.25 to August, 1925 and the French Municipal Police from 26.3.26 to 23.8.28. He was subsequently employed by Mr. Chang Zer-chung, 217 Machinery Street, Nantao, as a bodyguard until he joined the Municipal Police. Upon enlistment he gave his profession as a railway engineer and claimed to have a knowledge of several languages including English, French, Polish and Chinese.

On June 1, 1929, Silin was appointed Assistant Warder No. 16 and was attached to the Amoy Road Gaol. He served in this capacity until May 5, 1936 when he was compulsorily retired for an offence in relation to the misuse of his wife's passage money when proceeding on leave, contrary to the Shanghai Municipal Council's Rules governing passages. During his period of service with the Municipal Gaol he was reported on ten occasions for offences of a purely disciplinary nature.

On November 16, 1935 he left Shanghai for Marseilles in the s.s. "Chenonceaux" with the intention of proceeding to Paraguay. While en route he called at the office of the

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

.....Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

Director of the Special Branch of the Singapore Police had intimated that he might apply in writing on his arrival in Europe for a post in that Branch. The Singapore Police then communicated with the Shanghai Municipal Police requesting information regarding Silin and the Acting Commissioner of Police replied that Silin's services with the Municipal Police were on the whole quite satisfactory.

Silin is registered with the Russian Emigrants Committee, No. 118/1 Moulmein Road. He is not known to have participated in any political activity while in Shanghai.

During the summer of 1933 when V. A. Morison (D.5024), ex-employee of the local branch of the Centrosojus (England) Ltd., was detained in the Amoy Road Gaol in connection with a charge of misappropriation brought against him by the Centrosojus, Silin was attached to the staff of that gaol and, therefore, must have seen quite a lot of Morison during his period of detention.

Both Silin and Morison left Shanghai for Marseilles in the same vessel. Enquiries show that they booked their passage through the local branch of the American Lloyd, 13 Ezra Road; Morison booking through to Paraguay. However, there is no indication that they planned to undertake the trip in question together. They visited the offices of the American Lloyd separately and, moreover, they both requested to keep secret their respective intentions of leaving Shanghai.

With regard to Silin's statement that Morison had two passports in his possession when leaving Shanghai, the second one being in the name of CHURMAN, inquiries show that in May 1933, soon after he had absconded from Shanghai to Hankow, Morison obtained an emigrant's passport in that city in the

File No.....

SHANGHAI MUNICIPAL POLICE.

REPORT

..... Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

name of V. A. SHERMAK, which he claims to be his real name. Sometime later he made an attempt to obtain from the Public Safety Bureau in Shanghai a passport under the name of Shermak, but was refused on the ground that he was already registered with that Bureau in the name of V. A. MORISON. It is quite possible that the expired passport in the name of Shermak is still in his possession.

10.

A. Prokofiev

D. S. I.

Deputy Commissioner (Special Branch)

SHANGHAI MUNICIPAL POLICE
S. D. REGISTRY
B. D. 6716
24 2 36

H.B.M. Consulate-General,
Shanghai.

10th February, 1936.

My dear Givens,

I should be much obliged for any information which you may be able to give me on the subject of PETER BORIS SILIN, now in Berlin, and until recently employed by the Shanghai Municipal Police as a gaoler.

I am particularly anxious to know what his political affiliations were, if any, and whether he was a gaoler at the time when MORRISON was accused by Centrosojus of the misappropriation of \$25,000. Silin now states that he went to Europe on the same boat as Morrison who at the time had two passports, the second being in the name of CHERMAN. Silin does not give the name or date of sailing of this boat, but possibly you can obtain this and check the accuracy of his remarks for me. He further accuses Morrison of being a trusted Communist agent and states that his (Morrison's) passage was booked to Paraguay by the American Lloyd Co., but that he suddenly left the boat at Suez.

Yours sincerely,

James Farber

T. P. Givens, Esquire,
SHANGHAI.

Sgt. Hooker
JAG

S2, For inquiry and report please.
JAG
71 FEB. 1936

SHANGHAI MUNICIPAL POLICE.

File No. 6716
MUNICIPAL
RECORDS

C.S.6, Special Branch

REPORT

Date May 14, 1935.

Subject Enquiries on Peter B. Silin.

Made by D.S. Makaroff.

Forwarded by *B.B. Linnick*

With reference to the request of Mr. North of H.B.M. Passport Office regarding information re a Russian national named Cilin, I have to state that this person is identical with one Peter Borisovich Silin, Russian, born on March 22, 1898, at Omsk, Siberia.

Silin joined the Shanghai Municipal Police (Gaols) on July 6, 1929 as assistant warder and on November 1, 1932 was promoted to the rank of warder.

In October, 1934, he proceeded on long leave and upon return in April, 1935 resigned ^{under pressure} involuntarily from the force on account of irregular expenditure of long leave passage money provided for his wife.

There is nothing in Municipal Police records against this individual either politically or criminally.

*D.C. (Crim.)
Mr. North informed
by phone.*

A.R.P.A.

J. Makaroff

D. S.

13/5

P.A. (Crim.)



D. C. (Special Branch).

Will you please attend to reply.

[Signature]

15 MAY 1935

Date May 9, 1935.

(Crime Branch) Office Notes

Deputy Commissioner (Crime Branch)

Mr. North of H.B.M. Passport Office requests information re a Russian national named Cilin, who has applied at the above office for permission to enter Hongkong and who was formerly a member of the S.M.P.

I suggest this enquiry be referred to the Social Branch.

A. Robertson

Personal Assistant.

9/5

D.L. (Sp. Br.)

Passed to you please.



S2,
For attention

please.

J.H.

10 APR 1935

D.S. Mahaff

B.H.
11/5/35

10-2
6,000-1-35

SHANGHAI MUNICIPAL POLICE.

S. B. REGISTER.
File No. 6770

SECTION 216 *blatnik* 5

REPORT

Date May 16, 1935

Subject arrival of General G.I. Klerge.

Made by D.S.I. Prokofiev.

Forwarded by *B. D. Everett D.S.*

* See 10-71

With reference to the attached cutting from the "North-China Daily News" of April 26, 1935, containing a note regarding the arrival in Shanghai from Harbin of General G.I. Klerge, who was formerly closely associated with ^xAtaman Semenoff, enquiries show that he arrived here on March 12, 1935, in the s.s. "Tsingtao Maru" together with his wife, Mrs. M.I. Klerge.

* 10-745

It is reported that he arrived in this city with the intention of finding an employment locally and that, should he be unsuccessful in this, he will return to Harbin in the near future. It is also reported that since some time recently his relations with Ataman Semenoff have been rather cool and that therefore it is very unlikely that he is here on a mission on behalf of the Ataman, of whom General ^xJukovsky is the local representative.

Mr. and Mrs Klerge are at present residing at No 72 Route Paul Henry.

A. Prokofiev

D.S.I.

D.C. (Special Branch).

*File
J.H.G.
17 May 1935*

10451

THE NORTH-CHINA DAILY NEWS, FRIDAY, APRIL 26, 1935

No record in file

General G. I. Klerge is now on a visit to Shanghai from Harbin. He was formerly a close associate of General Semenov and played an important part during General Kolchak's regime in Siberia.

\$2.7

For comment please.

J.W.
30 APR. 1935

W. Prokofiev
30/4/35

D-6720

D-6721

CONSUL-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.

No. 2085.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY

No. S. B. D. 172

Date

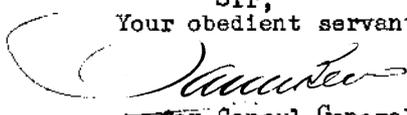
SHANGHAI 14 June 1935.

Sir,

I have the honour to acknowledge
the receipt of your letter of 11 June
1935, No.D.6720, and to thank you for
sending me 12 copies of a photograph of
Hassein, which you were kind enough to
provide free of charge.

I have the honour to be,
Sir,

Your obedient servant,


— for Consul-General.

Major K.M. Bourne, M.C.,
Acting Commissioner of Police,
Shanghai Municipal Council,

SHANGHAI.



SHANGHAI MUNICIPAL POLICE
COMMUNICATIONS SECTION
No. S. P. 6720
Date 12-6-35

June 11, 35.

Sir,

I have the honour to acknowledge receipt
of your letter No.2005 of June 5, 1935 and, as requested,
forward herewith 12 copies of a photograph of Benjarulah
HASSEIN for which there will be no charge.

I have the honour to be,

Sir,

Your most obedient servant,

* Encls.- 12


13/6/35

(Sd) K. M. Bourne.

Acting Commissioner of Police.

Consul-General for the Netherlands,
Shanghai.



CONSULAAKT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.

No. 2605.

SHANGHAI, 5 June 1935.

Sir,

With reference to my letter of 3
June 1935, No. 1944, regarding Benjarulah
HASSEIN, I should greatly appreciate it
if a photograph could be taken of Hassein
at the expense of this Consulate.
If this is possible, the Consulate would
like to receive 12 copies.

I have the honour to be,
Sir,

your obedient servant,

W. van der Meulen
for Consul-General.

The Commissioner of Police,
Shanghai Municipal Council,
SHANGHAI.

P.A.

yes.
7/6 *kerf.*

FORM 100

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
6720
Date 11/6/35

CRIME DIARY.

CRIME REGISTER No:— 1096/35

"C" Division.
 Hongkew Police Station.
 10/6/35

Diary Number:— 11.

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

At 10.30 a.m. on the 10/6/35 a telephone message was received by the undersigned from Mr. P.M.P. Gelin of the Political Section, French Police, to the effect that the first accused - Abranovich - is no longer required by them, as a cablegram has been received from Police Headquarters in Paris which clears him of complicity in the Marseilles assassination.

This case is now completed.

Samuel
 Sen. Det. i/c

Hollison
 D.S.I.

D.D.O. "C" Division.

*S-2, please note and pass
 W Reg. file.*

13 JUNE 1935

*Noted
 S-2 13/6/35*

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTER

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

CRIME REGISTER No:— **1096/35.**

"C"
Division.
Hongkow Police Station.
4/6/35

Diary Number:— **10.**

Nature of Offence:— **Assault.**

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

The 1st accused, Michael Abranovich, was released from Amy Road Gaol at 9.30 a.m. on the 5/6/35 and proceeded to No.1 Ward Road, a Chinese boarding house, where he paid two weeks rent for a room till the 17/6/35.

The French Authorities are already in possession of the above information.

W. C. ...
Sen. Det. *[Signature]*

[Signature]
D.S.I.

D.D.O. "C" Division.

File
[Signature]
JUN 11 1935

No. S. B. []
Date []

**SUSPECTED REGICIDE
RELEASED**

**S.M.P. Have no Further Charge
Against M. Abranovich**

Michael Abranovich, aged 53 the Yugoslav seaman whose detention was ordered by the Settlement Chinese Court recently on an application by the French Consulate-General on suspicion of being concerned in the assassination of King Alexander I of Yugoslavia and M. Barthou, former French Foreign Minister, in Marseilles, appeared again before Judge Feng yesterday.

Mr. T. Y. Chang, Assistant Municipal Advocate, prosecuting, told the Court the Police had no further charge against the prisoner and asked the Court to dispose of him.

Judge Feng ordered the detention order to be stayed, but instructed that the prisoner be held for payment of his \$30 fine (or 15 days' detention), imposed for assaulting a German seaman names Zeller and that he be released when that sentence is satisfied.

MG
[Handwritten signature]

227
COM-1-35

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
CRIME REGISTER

Date 3rd June 1935

CRIME DIARY.

CRIME REGISTER No:— **1096/35.**

"C" Division.

Hongkew Police Station.

3rd June, 1935.

Diary Number:— **9.**

Nature of Offence:— **Assault.**

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

The 2nd accused — Benjarulah Hassein — having failed to pay the fine imposed on him by the Netherlands Consular Court on the 29-5-35, was arrested at 10.30 a.m. on the 3-6-35 in the Netherlands Consulate General by P.S.Ekin with the assistance of the French Police and lodged in the Amoy Road Gaol, where he will undergo fifteen days detention in accordance with the written judgment.

Copies from the Netherlands Consulate General of the written judgment, the letter requesting his arrest, and the committal order, are attached to this diary and forwarded herewith.

With regard to the silver ring found on Hassein (see diary No. 3), a postcard was received by D.D.O."C" from Mr. Paul Reidal, Hankow, in which the writer describes the ring now in possession of the Police and claims it as his property.

The ring and the postcard were shown to the Netherlands Consul General, who obtained Hassein's signature to a document giving his permission for the ring to be returned to the rightful owner, and it is forwarded herewith for disposal.

Handwritten: To Sanson
Note &
return
4/6/35

Handwritten: \$2 for attention.

Handwritten: 4 JUNE 1935

Handwritten: Moid
A. Sanson

Handwritten: Sen. Det. 1/c

Handwritten: D.S.I.

D.D.O. "C".

Handwritten: Reg. Passed to [unclear] 4/6/35

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— 1096/35.

C

Division.

Hongkew

Police Station.

End June, 35.

Diary Number:— 8

Nature of Offence:— Assault.

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

On the 31/5/35, notification was received from the S.S.D. Court that the writ of detention against the 1st accused would come on for hearing at 9.30 a.m. on the 1-6-35.

Mr. Paul Ru later informed the undersigned, that, during an interview with Chief Judge Dzien of the S.S.D. Court, the latter had stated his opinion that the French Authorities would never obtain the extradition of the prisoner Abranovich, as no extradition treaty existed between the two countries, therefore it would be unfair to detain this accused for an indefinite period and the Court would issue an order for him to appear for a further ruling.

Abranovich was accordingly brought to Court at 9.30 a.m. on the 1-6-35 when Judge Feng entered the following decision :-

" Detention of accused to be suspended. To be sent to the Execution Court for the execution of his fine or detention, after which he is to be released".

The 1st accused, therefore, now becomes due for release on the 3-6-35, when his sentence of 15 days detention in lieu of a fine of \$30.00 expires.

On the instructions of D.C. Crime through D.D.O. "C", the undersigned immediately informed D.I./ Emelianoff of the Court's decision and he in turn informed the French Consular Authorities, and it is understood that, pending

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No: **1096/35.**

..... Division.
..... Police Station.
..... 19

Diary Number: **8/2.**

Nature of Offence:--

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

further instructions from their Consulate, the French Police will take steps to keep Abranovich under surveillance upon his release from Gaol.

W. Collins
D.S.I.

W. Collins
for Sen. Det. 1/c.

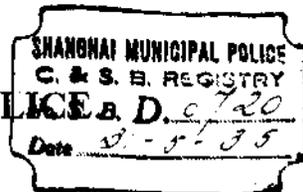
D. D. O. * C * .

I
C.S.B.
D.P. Larson
note & return done

II
dictated
A. Sanson, D.I.
3/6/35

3. 6-35.

SHANGHAI MUNICIPAL POLICE



CRIME DIARY.

CRIME REGISTER No:- 1096/35

..... "CT" Division.
..... Hongkew Police Station.
..... 30-5-35. 19

Diary Number:- 7.

Nature of Offence:- Assault.

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

The 1st accused — Michael Abranovich — appeared before Judge Tsou on the 28-5-35 when he stated that he did not wish to appeal against the sentence of \$30.00 or \$2.00 per day, and the following decision was entered :-

" Sentence to be executed immediately as the accused has waived the right of appeal".

At the expiration of his sentence, he will still be detained under the order issued by Judge Feng on the 23-5-35 — "To be temporarily detained", which order is effective for a period of sixty days.

The 2nd accused — Benjarulah Hessein — appeared before the Netherlands Consular Tribunal at 3.30 p.m. on the 29-5-35 on the following charges :-

"For that he on the 19th day of May, 1935 at about 6.40 p.m. on Broadway near Yuenchang Road at Shanghai did cause injury to Joseph Johannes Zeller by striking him on the head with the handle of a knife, at least that he at the above time and at the above place, this being a public street, committed a misdemeanour by pushing and striking the above Joseph Johannes Zeller, at least that he at the above time and place, this being a public street, prevented the above Joseph Johannes Zeller in his liberty of movement by pushing and striking him and pursuing him in the street, in contravention of Articles 300, 424 and 426 bis of the Criminal Code".

Mr. F.E.H.Groenman presided, with Messrs. Stokink and Van Someren sitting as Assessors.

Evidence was heard from the complainant, the witness Karpovics, and the 1st accused Abranovich, who all testified to the effect that Hessein was the first person to assault

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:-- 1096/35

.....Division.

.....Police Station.

.....19

Diary Number:-- 7/2

Nature of Offence:--

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

the complainant, although Abranovich stated that he did not see Hassen with a knife in his hand.

Hassen completely denied the charge, stating that he did not meet the complainant Zeller and the witness Karpovics on the day mentioned in the charge, and he asked to have the case adjourned in order to call a witness who could prove his alibi, which was to the effect that he was in the Bund Gardens until 7.00 p.m. on the day in question.

The Court refused to entertain his request, and pointed out that he had been warned both verbally and in writing to call his witnesses or have them summoned to appear in Court; moreover, in his statement at the preliminary hearing on the 22-5-35, he had told Mr. Groenman that he had no means of proving the above alibi.

After a short adjournment, the Court returned and the accused was told that, owing to conflicting evidence on this particular point, the charge of having used a knife in the assault had been dismissed, but he was found guilty under Article 424 of the Netherlands Criminal Code.

The following decision was entered on the charge sheet:-

"Accused found guilty under Article 424 of the Netherlands Criminal Code and sentenced to pay a fine of 15 Guilders (viz. Equivalent to \$27.00) within three days, if unpaid 15 days imprisonment"

The accused was informed by the Court that his Netherlands passport would not be returned to him as it

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— 1096/35

..... Division.

..... Police Station.

..... 19

Diary Number:— 7/3.

Nature of Offence:—

Time at which investigation begun and concluded each day.		Places visited in course of investigation each day.	
---	--	---	--

RECORD OF INVESTIGATION.

contained some irregular entries.

The silver ring found on the accused, (mentioned in diary No. 3) is still detained at Hongkew Station.

[Handwritten Signature]

D.S.I.

[Handwritten Signature]
Supt. Det. *[Signature]*

D. D. O. " C " .

[Handwritten] S2,
Please ^{see} and
show to S. 6.

[Handwritten] C.S. 6.
81 MAY 1935
D. Laram.

[Handwritten] Note + return *[Signature]*
[Handwritten] Mtd. A. Laram D. *[Signature]* 8/6/35
3-6-35.

10/24/4
C. P. PRESS
Date 5/25/35

Attempt Made To Check Up On Abranovich

Self-Confessed Member
Of Assassination Gang
Still Held In Settlement

Police Inclined To Theory
Story Pickled In Alcohol

Although local French consular authorities were known to be in communication with Marseilles police in an effort to check the movements of Michael Abranovich, self-asserted member of the terrorist gang responsible for the murder of King Alexander I of Yugoslavia and Joseph Barthou, former French foreign minister, in Marseilles last October 9, they would make no comment yesterday regarding the progress made.

Abranovich is being detained by the EMC at the request of French authorities pending the outcome of their investigation. He being held at the Amoy Road Jail.

The man was sentenced in the First District Court here for assault on May 20. However, after his conviction, two former associates made charges to Settlement police that the man had boasted of his relation to the plotters of the double murder last October. French authorities were immediately appraised of the allegation and asked that the man be held for investigation.

Since his detention for investigation he has denied any complicity in the crime and has demanded the presentation of evidence against him. However, Judge Sung, before whom the detention order was presented, ordered the man held without obliging the French authorities to present further evidence.

Settlement police were yesterday inclined to believe that the man had victimized himself while in the throes of an alcoholic delirium of grandeur. He has other egomaniacal inclinations, they say, and his loud boasting of assistance in the re- fields is but one of many favorite usages of the perpendicular pronoun with profound imaginative variance.

French authorities declined to comment on the length of time it would take them to complete their investigation.

File
ME
27 MAY 1935

Shan

T. 22 F.
ADM-1-35

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
C. & S. S. REGISTRY
D. 6720
Date 27-5-35

CRIME DIARY.

CRIME REGISTER No:— 1096/35.

"C" Division.
Hongkew Police Station.
23rd. May 1935.

Diary Number.— • Nature of Offence:— Assault.

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

The 1st accused - Michael Abranovich - was taken before the S.S.D. Court at 9.00 a.m. on the 23/5/35, by D.S.I. Cumming of Crime Branch Headquarters, when an application was made for him to be detained on a writ of detention pending the conclusion of negotiations between the French Minister to China and the National Government for his extradition.

A formal complaint by the French Consulate General, containing particulars of the allegations against Abranovich together with a Chinese translation of same, was presented to the Court and the following decision was given :-

"Allowed to be temporarily detained."

At 2.30 p.m. 23/5/35, Abranovich made a long statement to the undersigned, which was afterwards read over to him and signed, copies of same being forwarded with this diary.

\$2, Please peruse, mark parts of special interest and show to [unclear]

Y. Bolivar
D.S.I.

J. H. [unclear]
25 MAY 1935

[Signature]
Sen. Dist. [unclear]
26 MAY 1935

D.D.O."C" Division.

[Signature]
27/5/35
Regisling
Attach to file & Pan to D.C. special [unclear]

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

Milan Michael Abramovich

The following is the statement of
native of Yugo-Slavia D.S.I. Gillison
at Hongkew taken by me
on the 23/5/35 and interpreted by.....

My name is Milan Michael Abramovich. I was born in Kostajnica, Bosnia, on the 27th December 1889. My father's name is Ivan and mother's name Katrina Abramovich nee Uzelac. I left my native town on the 8th November 1907 and went to Rankin, Penn. U.S.A. where I stayed until April 1917 when the U.S.A. declared war on Germany, when I and others of my countrymen went to Hamilton, Ontario, Canada, where we volunteered to fight for Serbia and were sent on a ship from St. Johns to Liverpool and eventually to Boulogne and Marseilles and from there to a French military post in North Africa. I was found unfit for military service and in October 1917 I was sent back to Marseilles where I stayed working as a cabin carpenter for various shipping companies until about May 1920 when I obtained steady work with Madame Vevé Debier, No.12 Rue Sauchiers, coffin makers, until the 15th August 1928. On the 15th August, the same year, I obtained work as a carpenter on an English ship "Rio Azul" and on the 3rd September 1928, I deserted this ship in Philadelphia, U.S.A. leaving my personal papers on board.

I went from Philadelphia to Chicago where I worked for different contractors until the 8th Nov. 1930, when the Immigration Authorities took me in custody and departed me on 28th Jan. 1931 to Havre, France. I was met in Havre by an agent of the shipping company, who took me to Paris and handed me over to another agent who was to see me off to Belgrade, but I ran away from him and took a train to Marseilles where I arrived on 8th February 1931 and on the 10th February I obtained nationality papers from the Yugo-Slavian Consul. I had no French

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

- 2 -

The following is the statement of
native of taken by me
at on the and interpreted by

identity papers so I went to Asee in Corsica, where I worked for one month and got my identity card, returning to Marseilles on 9th April 1931.

On 13th April 1931, I went to 39 Rue Gesserie and found a woman named Michovitch Pera (Montenegrin) with whom I previously had been living for 8 years until the 17th July, 1928, when she stole all my money and went away with another man (this was the reason I left the coffin carpenter's position on the 13th August 1928).

She refused to return any of my money and I assaulted her and was arrested by the Police and I was sentenced to 3 years imprisonment.

I was released from prison on the 14th April 1934 (Maison Central, Nimes) and returned to Marseilles, which port I left two days later for Luxemburg, where I looked for work but could not get any so I went to Brussels a few days later.

I went to the Yugo-Slavian Embassy in Brussels and tried to get ^{a passport, No. 22-8-36} nationality papers, but was refused recognition and then I went to Antwerp in the beginning of May, 1934. In Antwerp I ran out of money and obtained a letter from a Yugo-slavian merchant named Ivan Wukoo, of 31 or 33 Schipperstrass to the Embassy in Brussels but before I could get to the Embassy I was picked up by the Brussels Police on about the 16th May as a vagrant and sent to the Merksplatts prison camp on the border of Holland where I worked for 30 cents an hour. I was released from the Merksplatt Camp on the 9th October, and taken to Brussels in a wagon, where I was released at 8.00 p.m.

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

- 3 -

The following is the statement of _____
native of _____ taken by me _____
at _____ on the _____ and interpreted by _____

The following day I went to Antwerp, and on the 12th Oct. the Antwerp Police picked me up for interrogation regarding the assassination of King Alexander. Mr. George Bloch of the Antwerp Police, a detective from Zagreb and a detective from Scotland Yard questioned me, and I was detained for five days whilst my statement was verified, when I was released and told to report every day to Mr. Bloch.

I lived in No. 22 Schipperstrass and did odd jobs until the 21st November 1934, when I was again taken to the Police Station because I had no passport, but was released five days later and was not troubled by the Police any more.

On the 7th January 1935, I was given a seaman's book in the name of Jan Mitskus by a German living at 22 Schipperstrass, and with this book I signed on aboard the S.S. "City of Calcutta" as a fireman.

During the trip to Japan I lost my Yugo-slavian nationality certificate, and in Kobe, I gave the book in the name of Jan Mitskus to the German Consul and told him how I had obtained it.

The "City of Calcutta" had been bought by a Japanese firm and the crew from Europe were sent to Shanghai in two batches: I arrived on the 12th May in Shanghai.

I have never been a member of any secret society or union.

This is my true statement. *Abromovic Milan Michael*
23 May 1935

[Handwritten signature]

10631

Assassin Of Jugoslav King Sought Here

Settlement Police Told Man In Amoy Road Jail Implicated In Double Murder At Marseilles

French Seek Extradition Of Sailor; Evidence Against Man Is Slight

The eyes of the world were turned on Shanghai yesterday. Today too for that matter. Settlement police had arrested a man who is believed to have been guilty of complicity in the murder last October 9 of King Alexander I of Yugoslavia and Joseph Barthou, former French Foreign Minister.

Michael Abranovich, self-asserted member of the band of terrorists responsible for the regicide, is in the Amoy Road Jail awaiting extradition proceedings which are understood to be in preparation by the French authorities.

A veritable wave of rumor and consternation was raised in Settlement police quarters yesterday when the man appeared in the First Special District Court on a writ of detention sought by the Shanghai Municipal Police. His detention was asked on the grounds that he "was a party to the murder of King Alexander I of Yugoslavia and M. Joseph Barthou, the then French foreign minister, on October 9, 1934, at Marseilles, France."

The official information coming to Settlement officers before the hearing yesterday did not specify any particular crime. It stated that Abranovich was wanted for complicity in murder which was committed in Marseilles in October of last year.

Police Have Little Evidence

Although Settlement police and French consular authorities stated frankly yesterday that so far they have very little evidence against the man, the investigation is proceeding rapidly and it is generally believed that the suspect will be turned over to French authorities for a complete investigation.

Michael Abranovich attracted very little attention when, on May 20, he was sentenced to \$15 fine or 30 days in jail by Judge Tsu for fighting. He was unable to pay the fine and had to serve the jail sentence.

He had, while obviously in the complete domination of Bacchus, assaulted a former comrade, Mr. Zeller, outside a cabaret on Broadway. He was duly arrested, tried and sentenced. Then his real trouble started.

He mentioned the tragedy of Marseilles last October. He said, it is alleged, that he was a participant. His former friend, whom he had assaulted, and George Zambouli and Emmanuel Christos, two former Greek sailors, bore him out. He had boasted often of his complicity in the dual murder of Marseilles.

French authorities, appraised of the reports, became interested. They started an investigation and yesterday had the man brought into the First Special District Court and asked for his detention pending more details and a formal application for extradition.

When Abranovich appeared in the First Special District Court yesterday he demanded that concrete evidence be produced against him.

Denies Implications

"I have not been concerned in any murder at Marseilles," he said, "and I ask that evidence substantiating that charge be produced before I am held."

Judge Sung, who heard the application, said:

"This is only a detention order. You are not charged formally with any crime. Therefore, no evidence is forthcoming."

Settlement police, late yesterday, were giving the French authorities very close co-operation but they were inclined to believe that the man had been imbued too long with the ephemeral and altogether too short-lived charms produced by a conglomeration of spirits and delusions of grandeur. He boasted, they say, and boasted too strong.

Investigation of Abranovich by Settlement police revealed that he came to the Far East as a sailor aboard the "Calcutta" which sailed for Japan from Anvers, France, to be scrapped. At Kobe, Abranovich, who carried a German passport, returned with other members of the crew of the "Calcutta" to Shanghai.

Sailors Tell Stories

Two fellow sailors, both Greeks subsequent to Abranovich's arrest and sentence for assault, went to Settlement police and alleged that Abranovich had been concerned with the killing of King Alexander and Foreign Minister Barthou. It was, however, his own statements upon which they based their allegations.

Settlement police made a perfunctory investigation and, after some consultation with French officials, had the man appear in the First Special District Court yesterday.

It is known that Abranovich is a former resident of Marseilles. But whether or not he was there at the time of the double assassination remains for further investigation.

If Abranovich is bound over and returned to France as an accomplice to the killing of King Alexander and M. Barthou it will give governmental agencies of Central Europe a definite lead in running down groups of terrorists who have been ranging throughout that section in recent year.

Memo Submitted

A memorandum was submitted May 21 by Yugoslavia to the League of Nations, criticizing Hungary's report of January 10, 1935, on the results of investigations into terrorist activities on Hungarian territory, launched by the Budapest government in accordance with the League Council's resolution of December 10, 1934.

The memorandum says that Hungary's note of January 10, instead of being an account of the investigations conducted in virtue of the Council's resolution, was merely a retrospective attack against that resolution.

Yugoslavia further expressed the opinion in its note that the inquiry conducted by Hungary was insufficient as regards the methods used and means of surveillance employed in terrorist camps on Hungarian territory. The Budapest report in particular omitted to state how the Croatian terrorists guilty of King Alexander's and Barthou's assassinations, obtained the passports that enabled them to proceed to Marseilles, where the outrages were committed.

The French delegation on its part yesterday handed Mr. Anthony Eden, British Lord Privy Seal and Rapporteur on the case, a note pointing out the inexactness of certain information contained in Hungary's report.

The Council's resolution of December 10, 1934, was passed following a discussion on Yugoslavia's demarche involving Hungary's political responsibility for the Marseilles murders.

10634

Yet Another Mystery Man Is Held Here

Alleged Boasts Made By
Seaman Of His Part In
Marseilles Crime

**FRENCH AUTHORITIES
REQUEST CUSTODY**

Written Depositions Made
By Fellow Members
Of Ship's Crew

A second "mystery foreigner" case loomed in Shanghai yesterday as French Consular authorities petitioned the First Special District Court for custody of a seaman, Michael Abronovitch, who is thought to have been implicated in the Marseilles assassinations of King Alexander of Yugoslavia and the French Foreign Minister, M. Louis Barthou. M. D'Hooghe, President of the French Consular Court, is said to have cabled Paris for instructions which may lead to the prisoner's extradition to France.

A brawl in Hongkew on Sunday evening led to the arrest of

Abronovitch. He was convicted of assault on Monday and sent to gaol because he could not pay the \$30 fine. Statements by three former shipmates led to yesterday's developments in connection with the Marseilles' outrage.

Two Greeks and a Pole, former shipmates of the prisoner, have made written depositions before the French authorities that they sailed with him from Antwerp to Kobe on the s.s. Calcut, which was being sold for scrap at the latter port. Violent quarrels and intrigue aboard ship marked the relationships between members of the crew, who were said to be "hard cases." It was during the journey that Abronovitch boasted that he was a member of a terrorist group which had plotted the crime which shocked the world.

Arrested In Kobe

That the claims of Abronovitch to a chequered career were not altogether false was shown when the police in Kobe, called in when a hotel bill was not paid, turned the man over to the German Consulate. His passport was found to have been tampered with and was seized. He travels now as a man without a country. There is not even evidence that his real name is Abronovitch.

The erstwhile captain of the s.s. Calcut is said to have brought his crew to Shanghai last week and left them here stranded. On Sunday in North Broadway, Abronovitch suddenly attacked a fellow member of the crew, a Yugoslavian named Joseph Seller, with whom he had trouble in a port in Africa. Seller was badly beaten up and Abronovitch was taken into custody by the Hongkew Police.

Developments are awaited.

MARSEILLES CRIME SUSPECT HERE

Yugoslav Seaman Wanted for King's Murder

HELD IN SETTLEMENT FOR ASSAULT

Reported by three shipmates to have admitted participation in the assassination of King Alexander of Yugoslavia and M. Louis Barthou, the French Foreign Minister, at Marseilles last October, Michael Abranovich, a Yugoslav seaman, was being held by the Settlement Police yesterday. The man, who is also known as Michkos, arrived here recently from Japan, where he had been paid off as a member of the crew of the ss. Calcut, a ship sold to scrappers in Kobe. He was involved in a brawl with a former shipmate in Hongkew on May 19, arrested, and fined \$30 the following day, with the alternative of serving a gaol sentence of fifteen days.

It was while the ss. Calcut was in an African port, en route from Antwerp to the Orient, that the seeds of discord which resulted in the brawl were sown. Throughout the rest of the voyage, bad blood existed between Abranovich and other members of the crew, and several quarrels took place on board. The matter finally came to a head on the 19th in Broadway and Abranovich was arrested for assaulting a former shipmate.

Accused by Shipmates

A day or so later, three other ex-members of the Calcut's crew—two Greeks and a Pole—communicated with the French Municipal Police, accusing Abranovich of having admitted complicity in the Marseilles assassinations. Once during the trip, they said, the Yugoslav sailor, while under the influence of alcohol, described himself as a terrorist and boasted of being a member of the gang who plotted and brought about the deaths of King Alexander and M. Barthou.

The French Police communicated this information to the French Consular Court and the statements of the three sailors were taken down before M. d'Hooghe, the Presiding Judge. The French Court then applied to the Settlement authorities for the handing over of Abranovich for questioning.

Writ of Detention

Yesterday, on the application of the Shanghai Municipal Police, the First Special District Court issued a writ of detention against Abranovich as suspected of having participated in the Marseilles murders. The prisoner, questioned by the Chinese judge, however, denied having taken part in the assassinations.

The arrest of Abranovich, last Sunday afternoon, was made on the complaint of Zeller, a German seaman, who alleged that, while he and a friend were walking along Broadway at 6.40 p.m. that day, Abranovich, with another foreigner who was armed with a knife, came from behind and attacked him, and, as a result, he was injured in the head. Before the Chinese court last Monday, Abranovich was found guilty and fined \$30, with the alternative of serving a detention term at the rate of \$2 a day.

It was revealed yesterday that although Abranovich claims Yugoslav nationality, he entered Kobe with a German passport. He and other members of the crew are said to have come into contact with the Kobe police over non-payment of a hotel bill there and the German Consul at Kobe took Abranovich's passport away from him.

10628
SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY
No. S. B. D. 6720
Date 24-5-35

*Reg. please make
subject of special
file.*

Noted. 25/5
24 MAY 1935

FM. 1 7

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

May 23 5

Shanghai, 1935

To Deputy Commissioner (Special Br.)

sir,

I have shown this file to Mr. Vandenburg, who requested me to furnish him with a copy of all reports on the subject. I have now handed him copies of same and have arranged with the Station concern^{ed} to forward a copy of further reports direct to him.

A. Sanem.
D. S.



S.D. 44

F. 22 F
M. 204-1-35

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY

E. D. 6720

Date 23-5-35

CRIME DIARY.

CRIME REGISTER No.-- Hongkew
Misc. 1006/35Headquarters Division.
Crime Branch Police Station.
May 22nd, 19 35

Diary Number:-- 5

Nature of Offence:--

Time at which
investigation began
and concluded each dayPlaces
visited in
course of
investigation
each day

RECORD OF INVESTIGATION.

On January 8th, 1935, a person giving his name as Mitkoes (?) and occupation as chauffeur, signed on the Karicott (?) at Antwerp, Belgium and sailed for Osaka, Japan. On arrival at the latter place, he was, for some unknown reason, deported to Shanghai. The Karicott (?) called at Shanghai en route from Osaka and on arrival here three seamen named Pileeshivia (?), Emmanuel (?) and Koongpulis (?) respectively went to the French Consulat Couré and swore out affidavits to the effect that Mitkoes (?) was an assumed name and that the deportee had stolen the personal identification papers of a German seaman of that name and used them when signing on with the above vessel. The name which he went under prior to joining the vessel was Alexandernovich (?). The seamen further stated that the deportee had told them that he was a member of the Croatian Revolutionary Committee and that he participated in the murder of King Alexander the First of Yugoslavia and Mme. Joseph Barthou, the then French Foreign Minister at Marseilles on October 9th, 1934. The seamen alleged that they were shown wounds which the deportee stated were sword wounds inflicted on the day of the murder.

The deportee was arrested by the Police of Hongkew Station on 12-5-35 on the complaint of a Mr. Zeller, who alleged that he was assaulted by him (F.I.R. 1096/35 Hongkew). At the S.S.D.C. on 20-5-35 he was found guilty

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
.....Police Station.
.....19

Diary Number: 1 (2) Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

and fined \$30.00 or \$2.00 per day's imprisonment. He was unable to pay his fine and is therefore at present in custody. He was sentenced under the name of Michel Abranovich of Yugo Slavian nationality.

In view of the above, the French Minister to China is now negotiating with the Chinese Government for the extradition of the person in question and pending the completion of these negotiations an application is being made to the S.S.D.C. for the detention of Hitkov (?). A formal complaint was lodged with the Commissioner of Police of the International Settlement by the French Consulate General, which contains particulars of the allegations and in which the detention of the suspect is requested. This, together with a Chinese translation, will be presented at the S.S.D.C. tomorrow morning, 23-5-35.

(N. B. Question marks following certain names indicate that same are translations from Chinese characters and therefore the spelling may not be correct).

Special Branch copy.

*Req attach to file
Copy to D.C.*

Hummer

D.S.I.

23/5/35

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY
D. 6720
Date 22-5-35

CRIME DIARY.

CRIME REGISTER No:— 1096/35

*G" Division.
Hongkew Police Station.
22/5/35 19

Diary Number:— 4		Nature of Offence:— Assault.	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

The 2nd accused - Benjarulah Hassain, appeared before Mr. Groenman, Netherlands Consul General at 3.30 p.m. on the 22/5/35 for a second hearing of the preliminary investigation, and after depositions had been taken from the complainant, the witness Karpovics, the 1st accused - Michael Abranovich, and the 2nd accused the case was again remanded as follows:-

"Preliminary investigation concluded. Accused ordered to appear before the Netherlands Consular Tribunal on Wednesday, 29th May 1935 at 3.30 p.m. Witnesses to appear likewise."

The 1st accused - Michael Abranovich - was taken from cells on the 22/5/35 and interrogated regarding the allegations made by his former shipmates of having been concerned in the assassination at Marseilles on the 9/10/34.

He stated that he resided in Marseilles from 1917 to 1928, and for a short period in 1934, but left for Luxemburg on the 16/4/34 from where he went to Antwerp, where he was residing on the 9/10/34 - the date of the assassination.

Two or three days after this crime was committed, Abranovich states, he was brought to Police Headquarters at Antwerp where he was examined by the Chiefs of the detective staffs of Antwerp and Zagreb (Yugo-Slavia), and detectives from Marseilles and Scotland Yard, but

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.

..... Police Station.

..... 19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

was later released as it was proved he was in no way connected with the assassination.

Questioned regarding his use of three different names, he denied ever having used the name Alexandrovitch, but admitted joining the "City of Calcutta" under the name of "Jan Mitkus".

His excuse for this is that he was unemployed at the time and heard of the chance of getting taken on board the "City of Calcutta", but, his real occupation being that of a carpenter, he had no seaman's papers, therefore he managed to obtain a seaman's certificate in the name of "Jan Mitkus" from a person (name unknown) residing at No.22 Schipperstrass, Antwerp.

He states that he has never been a member of any secret society or terrorist organization.

He will be sent to Gaol on the 23/5/35 to complete his sentence of 15 days imposed at the First S.S.D.Court on the 20/5/35.

The official indictment against Haseein under Arts.300, 424 and 426 of the Netherlands Criminal Code is attached to this file.

*See diary 5, by
Det. Bunnings, entered
in a 'list of detainees'*

*Copy handed to Netherlands Consulate -
General*

May 23, 1935

[Signature]
S.M. Det. 17c

[Signature]
D.S.I.

D.D.O."C"

FR 2
G. 40. 703. 1. 35

SHANGHAI MUNICIPAL POLICE
S. B. REC. 1
File No. 6720
No. D

SHANGHAI MUNICIPAL POLICE.

S. 2, Special Branch, ~~Index~~

REPORT

Date. May 20, 1935.

Subject. Hassein Benjarulah, Netherlander, arrested in Hongkew District on May 19, 1935 for assault.

Made by D.S. Sansom. Forwarded by *B. B. Guenther, D.C.*

Hassein Benjarulah, the subject of a communication from the Netherlands Consulate-General, dated May 15, 1935, was arrested on May 19, 1935 in Hongkew District for assault. A copy of the crime diary on the matter is attached herewith. The Netherlands Consulate-General is fully conversant with the case.

In connexion with this enquiry it is interesting to note that the crew of s.s. "Calcut," comprising of twenty-nine men of various nationalities, including Benjarulah, are stranded in Shanghai.

The ship belonged to the Ougree Steel Trading Co., a British concern, which signed the men on to take the ship from Antwerp to Osaka where it is to be broken-up. The articles under which the men were signed provided for their return passage from Osaka to Shanghai only. At Osaka the British Consulate-General reached an understanding with the captain whereby he would be responsible for the repatriation of the crew from Shanghai to Europe. The crew eventually arrived here in batches on May 12, 1935 onwards, but the captain, a Greek named Fostinis, remained in Japan. On making overtures to the local Greek Consulate-General, the men were each paid the sum of £2.0.0, for which they signed an indemnity exonerating the captain from further responsibility.

Most of the men are quartered in the Hanbury Institute.

A. Sansom

D. S.

D. C. (Special Branch).

*Copy handed to Netherlands Consulate-General
13-5-35 A. Sansom*

*S2, Please show to Netherlands Consulate.
M.G.
22 MAY 1935*

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.
TEL. AD. HOLLANDIA.

RECEIVED
MAY 1935

No.1716.

SHANGHAI, 15 May 1935.

Sir,

I have the honour to inform you that on the 14th of this month a person presented himself at this Consulate-General with a Netherlands passport, issued at San Sebastian on 1 June 1934, No.143718, in the name of Hassein BENJARULAH, born at Malay (Malang) 12 March 1904 of Netherlands nationality. He stated that his father was a Javanese and his mother of Spanish descent, but that he had lived most of the time in the Levant so that he could not speak the Netherlands language, being on the other hand well versed in Arabic and Spanish. He spoke to me in pidgin English and related how he signed on as a fireman o/b the British s.s. "Calcut", when this vessel was bunkering at Sabang on 7 April 1934. He showed me furthermore a certificate of discharge, No.39, dated Osaka 8 May 1935, on which the particulars concerning his "Report of Character" had been erased and when pressed to explain how this had happened, he stated that he had incurred the displeasure of the captain, a Greek, who had smuggled on board three Russian communists, who had come from Beyruth and had paid the captain the sum of Frs.20,000.- in order to have them secretly landed in the Netherlands Indies. Benjarulah stated that during the night, when the vessel was in Sabang, these persons were stealthily lowered down from the ship and must have made their way to Sumatra and Singapore. The captain had threatened him with a pistol, should he dare to divulge this matter. On arrival in Osaka however Benjarulah states to have telephoned about it to the Netherlands Consulate at Kobe and then, when the whole crew had to be discharged, the vessel being sold, the captain out of revenge is stated to have reported unfavorably on his conduct. Benjarulah considered that the certificate he had received from the captain was of no value whatsoever and started to tear it up, leaving the remnants, which are still in my possession, on the counter.

From entries in his passport it appears that this person obtained financial assistance from the Netherlands Consulate at Marseilles (Frs.111.-) on 26 September 1934 and from the Consulate-General at Paris (Frs.100.-) on 28 September 1934, for repatriation home. In Port Said he was given by the Netherlands Consul on 28 January 1935 the sum of £ 10.- to pay his passage to the Netherlands Indies, whereas from a further note it would appear that he left Singapore on 28 March 1935 by "Talbot" for Sabang.

He arrived in Shanghai, coming from Japan, on the 13th of May, having been paid, he said, £ 2.- in Osaka. He was staying in the Hanbury Institute and requested assistance as he stated to be penniless.

He is a short, stoutly built person, wearing European clothes and a grey cap. He wears a silver ring at his right hand, with the letters C.C.C. on a red, two trees on a blue and a level (?) on a white background.

I should be much obliged to you if you could inform me in case this person should come to your notice.

*S2,
FW
attention
please.*

W.H.
T.P.Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,

I have the honour to be,
Sir,
Your obedient servant,
[Signature]
Chinese Secretary.

SHANGHAI.

D.S. Larsson
[Signature]
16/5/35

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— 1096/35.

"C" Division.
Hongkew Police Station.
21st May, 19 35.

Diary Number:— 3.

Nature of Offence:—

Time at which investigation begun and concluded each day.

Places visited in course of investigation each day.

RECORD OF INVESTIGATION.

Whilst the 2nd accused - Benjaruljah Hassenin - was being questioned at this Station on the 20/5/35, information was received from some of his ex-shipmates to the effect that a silver finger ring which he was wearing had been stolen from a passenger aboard the S.S. "Shanghai Maru" during the trip from Japan to Shanghai.

Questioned about the ring, Hassenin stated that he obtained it from a boatman vendor of curios in Kobe.

Enquiries from the Chief Steward of the "Shanghai Maru" proved that a passenger named Mr. Paul Reidel, age 16 years, American, student of the China Concordia Seminary Hankow, had reported the loss of a silver ring which was taken from a wash-basin in the ship's lavatory on the 12/5/35, when the ship was passing Woosung, but the Steward was unable to give a description of the missing ring.

The ring found on Hassenin is a heavy silver article with an enamel and silver shield in the centre bearing the silver letters "C C C" set in red enamel on top of the shield, a silver theodolite set in white enamel on the left bottom half, and two silver pine trees set in blue enamel on the right bottom half, whilst the whole of the shield is surrounded with two eagles holding flags.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:-- 1096/35.

..... Division.

..... Police Station.

.....19

Diary Number: 3/2.

Nature of Offence:--

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

The "C C C" possible denotes China Concordia Club (or College).

It is thought that Paul Reidel has left for Hankow, where the Rev. E. Reidel and wife reside at the China Concordia Seminary, and it is respectfully suggested that a letter be sent to Mr. Reidel asking for a description of his ring and particulars of its loss.

Y. Bolin

D. S. I.

[Signature]
Sen. Det. D.C.

D.D.O. "C"

*Copy handed to
Netherlands Consulate-General
May 25, 1935.
A. Sanam. S.I.*

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

6720
21/5/35

CRIME REGISTER No: 1096/35.

"C" Division.
Hongkew Police Station.
20th May, 1935.

Diary Number: 2.	Nature of Offence: - Assault.
Time at which investigation begun and concluded each day	Places visited in course of investigation each day

RECORD OF INVESTIGATION.

The 1st accused - Michael Abranovich - appeared before the S.S.D.Court this a.m. when he was sentenced to a fine of \$30.00 or 30 days imprisonment.

He was unable to pay the fine and is at present detained at Hongkew Station.

The 2nd accused - Banjarulah Hassain - was taken before the Netherlands Consul General, Mr. F.S.H.Groenman, at 3.00 p.m. even date, when the following decision was given :-

*Preliminary investigation held at the Netherlands Consulate General on the 20th May, 1935.
Remanded till the 22nd May 1935 for hearing at 3.30 p.m. *

At 2.00 p.m. on the 20/5/35, three male foreigners named M. Fulichnovrer (Polish) residing No. 56 Wayside Road, Emanuel Kristo (Greek) residing at the Hanbury Institute, and Georch Yornbulich (Greek) also of the Hanbury Institute, all three being former members of the crew of the S.S. "City of Calcutta", came to this Station and made the following report :-

* The 1st accused, before he joined the above named ship at Antwerp on the 8/1/35, was known as Alexandrovitch but he signed on under the name of Michkos.

On the voyage from Europe, whilst under the influ of drink, he (1st accused) boasted that he was a member the Yugo-slavian terrorist group and that he had been

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.

..... Police Station.

..... 19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

concerned in the assassination at Marseilles on the 9/10/34, when King Alexander I of Yugo-slavia, M.Louis Barthou - French Foreign Minister, Count Alexander Dimitrie-Jevitch - Marshal to the Court of Yugo-slavia, a Serbian major attached to the Yugo-slavian Army, a French Policeman and a woman pedestrian were killed, and five other persons injured.

The 1st accused is alleged by the three witnesses to have shown them certain documents in support of his assertion, but these papers were later destroyed by the accused at Osaka, where he changed his name to "Michael Abranovich" - as he is known at present.

The three witnesses named above, were taken to the Special Branch where they were interrogated by D.I. Everest who afterwards had them sent to the French Police where they made written statements, and it is understood that G.I.Emelianoff of the French Police will apply for the 1st accused to be handed over to them for enquiries on the 21/5/35.

Hollison
D.S.I.

Sen. Sec. *[Signature]*

Copy handed to
Netherlands Consulate - Gen.
May 23. 1935.

D.D.O. " G " .

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

Crime Register No. **1096/35.**

"C" Division.

Hongkew Police Station.

19th. May, 19**35.**

Diary Number 1. (Sheet No. 1.) Nature of Offence:-- **Assault.**

Time at which investigation begun and concluded each day	7 p.m. - 11 p.m. 19/5/35	Places visited in course of investigation each day.	General enquiries.
--	-------------------------------------	---	---------------------------

RECORD OF INVESTIGATION.

Place or description of premises.	Yuenchang Road - Broadway		
Time and date of offence.	6.40 p.m. 19/5/35.		
" " " reported.	7.00 p.m. 19/5/35.		
Name, occupation and address of complainant.	J.J. Sellar, German, unemployed, House 5, Lane 133 B-ikal Road.		
Number of criminals with full individual description.	<p>Two male foreigners.</p> <p>(1) Michael Abranovich, 53, M/Yugo-Slavian, N.F.A.</p> <p>(2) Hassen Benjarulah, 31, Netherlands, No. 1 Ward Road.</p>		
Arrests.	Two.		
Classification of property stolen.			Value \$
Classification of property recovered.			Value \$
In cases of Murder or Suspected Murder points (a) to (d) should be answered.			
(a) Time and date body was discovered. (b) Position, appearance and marks on body. (c) Apparent cause of death. (d) Motive if known.			
Full Details of Method used in Committing offence	See report.		
In cases of larceny, housebreaking etc., all the points (e) to (i) should be answered, if known. In all cases in which there is fraud, the false pretence and the character assumed by the suspect should be fully described. (e) Mode of entry, including manner of approach to premises. (f) Means used (tools etc.) (g) Character assumed by criminal, and story told, etc. (h) Mode of transport and description. (i) Peculiar act (poisoning dog, partaking of food etc.)			

CRIME DIARY NO. 1. (SHEET NO. 2)

- (i) What staff employed on premises?
- (k) Are they all "old" servants?
- (l) If not, what was their last employment and for how long?
- (m) What was their "character"?
- (n) If any suspicion attached to any of them and if so, which one and for what reason?
- (o) Are old servants suspected?
- (p) Are friends and visitors above suspicion if not, who is suspected?

Remarks

(Any outstanding or peculiar feature to be commented on by investigating officer).

Inquiries by the undersigned and G.D.S. 380.

At about 6.40 p.m. 19/5/35 the complt. late assistant steward of the s/s Calcut, now in the hands of shipbreakers in Japan, and his friend one Mr. Karpovics were walking on the Broadway near Yuenchang Road when they met the two described on Page No. 1. who were former shipmates of theirs. The two assaulted the complt. the 1st. described with his hands, the 2nd with a knife. The two then ran away and on the complt reporting the affair he was sent to the General Hospital where after examination the following chit was issued:-

"Lacerated wound of the scalp, abrasions and contusions of the face."

The complt. states that when on the voyage from Europe to the Far East, at a port in Africa he quarrelled with the wireless operator of the ship, and after this quarrel several of the crew took sides with the disputants. Although the affair has more or less been settled he believes that the assault on him on the Broadway was the outcome of this African affair.

Complt. did not know where the accused lived but believed that they might be found at the Hanbury Institute, Broadway. This address was visited, the men were not present but instructions were left with the staff that should the accused return they should be detained.

At about 9.15 p.m. 19/5/35 G.P.O. 780 and G.P.W. 1855 brought the two to the station, whom they had apprehended at the Institute but a short time previously.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

-3-

Division.

Police Station.

19

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

Questioned, the 1st. accused stated that he had been on the Broadway at the time of the assault, but denied knowing anything of the affair. The 2nd. accused denied all knowledge.

The 1st. accused will appear before the Court on the 20/5/35 charged with this offence. With reference to the 2nd. accused, enquiries were made with a view to informing the Netherlands Consulate of the occurrence but no person could be located attached to the Consulate. It has been ascertained that the 2nd. accused resides at No. 1 Ward Road. He has been released, his passport retained, and has been instructed to call for same at 10 a.m. 20/5/35 before which time it is hoped that definite instructions can be obtained from the Netherlands Consulate.

Enquiries proceeding.

D. S.

Senior Detective i/c

D.D.O. "C" Division.

Copy handed to Netherlands Consulate
General

A. Soren

23-5-35

SHANGHAI MUNICIPAL POLICE.

File No. 6721

REPORT

SECTION 2

Sidoroff

Date May 16, 1935

Subject Arrival of P.E.Sidoroff, Soviet diplomatic official.

Made by D.S.I. Prokofiev.

Forwarded by B.B. Luerant, D.I.

Peter Eremeyevitch SIDOROFF, 27, Soviet citizen, arrived in Shanghai from Kobe on May 6, 1935, in the s.s. "President Hoover" accompanied by his wife, Mrs M.N.Sidorin, 26. He is in possession of passport No 11697 issued on March 21, 1935, at Moscow, which bears a Chinese visa issued by the Chinese Embassy in that city on March 26 of the same year.

Sidoroff states that he is a member of the Soviet diplomatic staff and that he will be attached to the U.S.S.R. Embassy at Nanking.

A. Prokofiev
D.S.I.

D.C. (Special Branch)

File
ML
17 MAY 1935

D-6725

D-6728

D-6730

D.6725

CLASSIFICATION
S. A. SECURITY
17 67-15

CCP

September 25, 1936.

Anti-Government and Communist Slogans

On September 24, anti-government and communist slogans were found written on the walls of the Sacred Heart Hospital on Chaoyang Road and also on a wall on Weinan Road.

On the same day, a slogan of an anti-government nature was found written on a wall near Thorne and Di well roads corner.

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

SHANGHAI MUNICIPAL
POLICE RECORDS
S. B. D. 6725
Date 29 6 36

"C" Division

CRIME REGISTER No:— Misc. 148/36.

Kashing Road Police Station.
June 26th, 19 36

Diary Number:— 1

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

Communist Slogans found written on the wall of 58 Huh An Li, East Yuhang Road.

Sir,

At 7.35 p.m. 26-6-36, F.S. Gibbon i/c of a walking search party on passing No. 58 Huh An Li off East Yuhang Road saw, written with chalk in Chinese characters the words "Join the Communists" The words were wiped off by the search party and enquiries in the vicinity as those of S.D.C. 285 and the undersigned proved unavailing as to anyone who had seen the characters being written.

*Sir
OK
dtd
JH*

*J. McPhee
Sen. Det.
D.D.O. "C".
N.A. abrum
etc.*

[Signature]

D. S. 329.

*file
by R*

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

SHANGHAI MUNICIPAL POLICE
REGISTRY
B. D. 6735
15 5 245

CRIME REGISTER No: Misc. 107/36.

Division: Kashing Road Police Station.

14/5/36 19

Diary Number:—		Nature of Offence:—	
Time at which investigation begun and concluded each day		Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

Slogans of a Communistic nature found chalked on a wall in the Oen Zeu Li off Tungchow Road.

Sir,

At 7.10 p.m. on the 14/5/36, C.P.C.653 reported that at about 6.55 p.m. 14/5/36 he discovered slogans of a Communistic nature chalked on a wall in the Oen Zeu Li off Tungchow Road.

A translation of the slogans reads as follows:-

"Support the Red Army to recover the lost territories"

Enquiries were made in the vicinity but no information could be obtained re the person/s who had chalked the slogans on the wall.

In the presence of C.P.C.653 the slogans were washed off the wall by one of the Station coolies.

D.D.O. "C" Div.

John McPhee
D. S. I.

B
Il 15/5
noted
Wh 15/5
file
type

SHANGHAI MUNICIPAL POLICE.

Misc. File No. 158/36

REGIST.

Yulin Road Station

REPORT

Date May 1st 1936

Subject (in full) Anti-Kuomintang Slogans found on a wall on Y'Poo Road near Jansen Road.

Made by D.S. White

Forwarded by

Sir,

At 11.10 a.m. on the 1-5-36, J.P.C. 29 reported that he had found Anti-Kuomintang slogans written in Chinese ink on a wall on Y'Poo Road near Jansen Road. The following is the translation of these slogans:-

- (1) "Down with the Fascists". 打倒法西斯
- (2) "Down with the Kuomintang". 打倒国民党
- (3) "Uphold the Communist Red Army". 擁護共產黨紅軍

Enquiries made in the vicinity failed to locate any person witnessing the writing of the slogans.

A station coolie has since obliterated the slogans.

I am, Sir,

Yours obediently,

D. S. 24

D. S. 24.

Sen. Det. i/o.

D.D.O. "D".

D.C. (Special Branch).

*noted
Wk 2/5
D.R.
2/5/36*

*file
2/5/36*

SHANGHAI MUNICIPAL POLICE.

West Hongkew Station

REPORT

Date. 2nd April 1936

Subject (in full) Slogans.

Made by D. S. Sanbrook.

Forwarded by Insp. E. S. Ewa

Sir,

I beg to report that at 7 a.m. 2/4/36 C.P.C. 93 and C.R.C. 2189 came to the Station and reported that they had observed the following communistic slogans written in black ink on the wall of premises No. 834 Soone Road.

- 1. Educate the National Grievance (实行国耻教育).
- 2. Oppose the slavery education (反对奴化教育).

A Station police immediately proceeded to the above address and erased the slogans.

Inquiries made in the vicinity by C.D.S. 227 failed to learn the identity of the writer.

J. W. Sant
Det. Serjt.

Gen. Det. i/c.

Officer i/c, Special Branch.

Slogans pro Kouningtang not Communistic noted

Wko 3/4

FILE
JR

SECRET - NOT FOR PRESS PUBLICATION

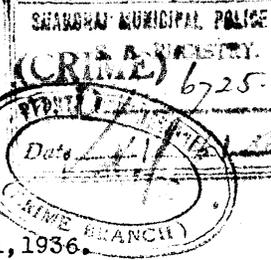
SHANGHAI MUNICIPAL POLICE

SPECIAL BRANCH

INTELLIGENCE REPORT

Political

D.C.



April 1, 1936.

Movements of Notables

To Nanking

Departed at 11 p.m. March 31 :-

Lin Vee-ts, Vice Minister of Industry.

Tan Tseng, Vice President of the Judicial Yuan.

Slogans

At 7 a.m. March 31, the following slogan was found written in black ink on the wall of the Cantonese Cemetery at the corner of North Chekiang and Alabaster Roads :-

"Down with Capitalists!"

China Aviation Society announces amount of contributions received in February

The Office of the Commander of the Shanghai Municipality Membership Canvassing Group of the China Aviation Society, in the Chinese Y.M.C.A., 123 Boulevard de Montigny, on March 31 announced that aviation contributions received during the month of February, 1936, amounted to \$3,500.

Anti-Japanese Propaganda

Several copies of a handbill, containing anti-Japanese propaganda and purporting to emanate from the Shanghai Various Circles National Salvation Federation, were found on Yangtzepoo Road near Tengyueh Road at 5.30 a.m. April 1. The handbill, which is entitled "A letter to brethren opposing the suppression of the National Salvation Movement" is similar to one of those obtained during a demonstration held in Yangtzepoo District on March 29 and opposes the recent arrest of some twenty members of the Women's National

4.5725

B.4633

45-73151-2

X

X

D

SHANGHAI MUNICIPAL POLICE.

File No. Disc. 116/36

REC
West Hongkew Station 725

REPORT

Date March 31st 1936

Subject (in full) Slogans found in west Hongkew District.

Made by D.S.I. Tao KENG YONG Forwarded by *Smith E.D. Egan*

Sir,

C.P.Cs. 2111 and 2540 on night patrol when reporting off duty at 7 a.m. 31-3-36 reported that the following slogans:-

"Down with Capitalists" (打倒 资本家)
was found painted in black ink on the wall of the Cantonese Cemetery at corner of North Chekiang and Labaster Roads.

Station coolie was detailed to have the slogan washed.
Inquiries made in the vicinity by C.P.C. 263 failed to learn the identity of the writer.

I am, Sir,

Your obedient servant,

Tao Keng Yong
D.S.I.

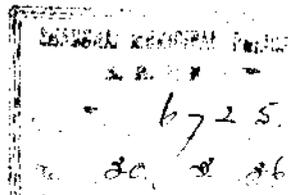
Senior Detective i/c.

D.S.I.'s Division

Officer i/c. Special Branch

file 501
S.R. 1141
Wko 1141

D.6725



March 30, 1936.

Slogans

Slogans opposing Fascism and calling for the release of students and labourers arrested for political offences were written in Chinese ink on walls on Boone Road (West Hongkew District) on the morning of March 29.

D. 6725

SHANGHAI MUNICIPAL PRISON
S. B. REGISTRY.
No. D. 6725
Date 19 3 1936

March 19, 1936.

Slogan Writing

Anti-Government slogans in the Chinese language were written in black ink on a wall on Boone Road near Shanse Road, and on a wall in Lane 858, Boone Road, on the morning of March 18.

Similar slogans were also discovered written on a wall in the Sung Chi Li (昇吉里), Haining Road, at 3 p.m. the same day.

SHANGHAI MUNICIPAL POLICE.

Miss. File No. 6501/35
S. D. 6725
Hayride 2/21/35

REPORT

Date... December 20, 1935.

Subject... Anti-Kuomintang Characters found Written on a Wall inside Tsong
Zeh Commercial School at No. 906 Point Road.

Made by... D.S.I. Tsai Liu. Forwarded by...

Sir,

At 5.30p.m. 20-12-35, P.S. 22 Bruce came to the Station and reported that anti-Kuomintang characters were found written in Chinese ink on a wall inside the play ground of the Tsong Zeh (崇实) Commercial School at No. 906 Point Road.

Translation of the characters reads as follows:-

"Down With Kuomintang and Pacist (打倒国民党法西斯)

Objecting the Study of Chinese Classics (反对读经).

Objecting the Monopoly of Civilisation (反对文化统制)."

C.D.C. 248 made enquiries at the said school and interviewed the principal named Ting Kei Vung, who stated that the characters might have been written on the wall sometime ago, by some unknown person or persons who could easily gain access to the playground and write on the said wall, as the bamboo fence surrounding the school was recently constructed. He promised to wipe off the characters immediately.

I am, Sir,

Yours Obediently,

Tsai Liu

D.S.I.

Sen. Det. 1/s.

D. D. O. "D".

CR 2/12/35
File
MK

D.6725

6725

2. 12. 35

November 2, 1935.

Communist Propaganda

At 4.20 a.m. December 1, a slogan urging the public to support the Chinese Soviets was found written in black ink on wall on North Chengtu Road near Sinza Road.

202-b
SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
F. I. B. REGISTRY
S. B. D. 6725

Section 2, Special Branch, ~~Xizhou~~ 35

REPORT

Date November 19, 1935

Subject Slogan writing in the International Settlement.

Made by _____ and _____ Forwarded by D. I. Ross

Since November 1, 1935, four instances of slogan writing have come to the notice of the Municipal Police, two in Chengtu Road district, one in Central and one in West Hongkew (vide attached list). The slogans were of an anti-Fascist, anti-Japanese and pro-communist nature, the first named having been written in English and the other three in Chinese.

The spreading of subversive propaganda by means of slogan-writing on walls is usually manifest towards the approach of communist anniversaries, national humiliation days or on the occasions of important political happenings. Offences of this nature are usually committed by junior members of the Chinese Communist Party, the Chinese Communist Youth League and their auxiliary organizations, whilst the slogans which they are instructed to write, are previously formulated by some responsible person of the propaganda section to which they are attached. Chalk, Chinese ink and sometimes tar are used for this purpose.

The combating of this kind of subversive activity has proved a difficult task for the police in view of the fact that the offence is invariably committed during the late hours of the night and usually at places less conspicuous to police patrols. Moreover, slogan writers are usually sent out in parties of two or three so that while one does the writing, the others keep a lookout for the approach of the police.

Offences of this nature could undoubtedly be lessened to a considerable degree if police patrols, either in uniform or plain clothes, were periodically instructed to be on the lookout for, and challenge all suspicious persons

SPD
11/20/35
412

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date 19

Subject

Made by Forwarded by

*This proposal
is recurring
attention.
JMG*

especially of the student type, observed wandering about during the night. In this matter the Special Branch could render assistance to the stations by detailing Chinese detectives, under the supervision of a foreign officer, to patrol neighbourhoods where slogan writing is likely to happen especially prior to and on the eve of a "Red" anniversary.

I would also suggest that officers-in-charge of districts and/or senior detectives be notified that when forwarding reports on slogans written in the Chinese language, they should, in addition to the romanized version, include the Chinese characters.

D. I.

D. I.

Deputy Commissioner (Special Branch).

D. I. (D. I.)

Information

JMG

*File
JMG*

14 1935

18 NOV 1935

LIST OF CASES OF SLOGAN WRITING OCCURRING IN THE SETTLEMENT BETWEEN NOVEMBER 1 and 13, 1935.

District	Place of Discovery	Time & date of Discovery	Nature of slogans
Chengtuo Road	Italian Consulate-General, 555 Bubbling Well Road.	During the night of November 2/3.	Anti-Fascist (written in English)
ditto	International Recreation Club, 273 Mohawk Road.	12.40 p.m., November 3.	Anti-Japanese (written in Chinese)
West Hongkew	Cunningham Road	November 7.	Pro-Communist (written in Chinese)
Central	Soochow Rd. near Kiangsi Rd.	1 p.m. November 12.	Anti-Japanese (written in Chinese)

Report sent with... Special Branch.		pamphlets, handbills or newspapers to		6755 5
Where found		Time found	Date	
Character of place where found, (industrial, residential, respectable or doubtful neighbourhood).				
Near School, Factory, Military Camp, Mill etc.				
How distributed? (If known).				
Nature of Document. (Communist or Anti-Government etc).		1. 111 - 10/10/35		
Arrests or not, if so how many?				
Class of man arrested? (Student, coolie, mill worker etc.)				
Charged under what Section of C.C. Code?				

J.R. Sept 30.
11/1.

Date 30/9/35.

J.R.

Signed Whelan
for C. I. etc. i/c. Central Station.

Political No.20/35.

"B"
Garden Road
September 29, 35.

1.

See below.

See below.

Communist Slogan written on wall on Moji Road

At 11 a.m. 29/9/35, whilst on patrol on Moji Road C.P.C. 603 discovered the following Communist slogan written on the wall in rear of the N.W.K.No.9 Mill on Moji Road, which reads as follows:-

"Join the Communist Party!"
(加入共产党)

C.D.C.236 immediately proceeded to the scene and took a copy of the slogan, afterwards same was washed off by a station ecclie.

J.R. Sept 30.
1/19

Lead
D.S.A.

Copy sent to Special Branch.

ls.

SHANGHAI MUNICIPAL POLICE S. B. REGISTRY.
No. D. 6725.
Date 27. 9. 35

September 27, 1935.

Political(2)

Communist and Anti-Kuomintang Slogans

Communist and anti-Kuomintang slogans were found by the Police chalked on a wall at Siang Kong Li, off Burkill Road and on electric supply poles on Burkill Road, near Myburgh Road, this morning, September 27.

5. 6725

SHANGHAI MUNICIPAL POLICE.

Misc. File No. 361/35.

Yulin Rd Station, 6725

REPORT

Date Sept 13th, 1935

Subject. Communistic Slogan.

Made by D.S.I. Burton.

Forwarded by *Burton*

Sir,

Japanese Inspector Hanafuji reported to the Station at 4.30 p.m. on the 13-9-35 that at 4.25 p.m. 13-9-35 he found a communistic slogan written in black paint on a wall on Maikal Road near Whaahing Road. The slogan was "Establish a Soviet Government". A Station coolie was sent out and the slogan obliterated.

I am, Sir,

Your obedient servant,

Burton
D.S.I.

S.R. 14/9/35

S.S. please note

*Noted
Kuh
14/9*

file

JK
S. O. 1/9

P. D. O. 30*

D.C. Special Branch.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No: **Misc. 147/35**

"C" Division.
Kashing Road Police Station.
13/9/35

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

Communitistic Slogans found chalked on the wall at No. 67 Urga Road.

At 11.15 a.m. 13/9/35, C.P.C.2363 reported that at 11 a.m. same date, he found Communitistic Slogans as follows chalked on the wall at 67 Urga Road,

" Down with Imperialism "

C.D.C. 83 and the undersigned erased the slogans, enquiries were made in the vicinity but the person responsible for writing the slogans could not be located.

2 R. 14/9/35

[Signature]
Sen. Det. i/c.

D.D.O. "C" Div.

[Signature]

D.S. 64.

6725
26 8 35

Misc. 257/35.

Sinsa
Aug. 24th. 35.

1.

Communist Slogans chalked on the wall of
The Western Cinema, Sinsa-Tasepang Roads
corner.

Sir,

At 4.45pm. on 24-8-35, S.I. Hsing reported that he had observed Communist Slogans chalked on the wall of the Western Cinema, at Sinsa-Tasepang Roads corner.

Enquiries by C.D.C. 292 and the undersigned who ascertained that the slogans, translated read: "Who support the Soviet Government" and that they had, according to various hawkers and others in the vicinity, been extant for about one year.

Circulated per Teleprinter.

Copy to Special Branch.

Slogans washed off by Station Coolis.

J. B. Sweeney 25/8/35

A. J. Kearney
D.S. 84.

26. (S.B.)

J. B. Sweeney
Sir, Information
26 AUG 1935
I.B. 25/8

70
40,000,176

C.K.Y. (c)
SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTER

S. 2, Special Branch, ~~Station~~
REPORT
Date August 15, 1935.

Subject Photographing Slogans on Walls and Posts.

Made by and Forwarded by D.S.I. Coyne.

I have to report having taken up the matter of photographing slogans written on walls and posts with Supt. Robertson, D.S. Mason and Clerk May Yoeh.

Whilst D.S. Mason agrees that there would be no difficulty attached to the technical side of the matter, Clerk May Yoeh is of the opinion that it would not be possible to compare writing on a wall with a person's ordinary writing.

In addition ~~to~~ making allowance for difficulty in writing on a perpendicular surface, the fact that the characters would be drawn, and not written, must be considered. Even in cases where the writing is in poster form, it is not likely that the writing on two posters would be sufficiently similar to justify the Police assuming that they were written by the same person.

Under the circumstances it would appear that no useful purpose would be gained by having photographs taken of writings on walls or posts.

J. Coyne
D. S. I.

D. C. (Special Branch).

§ 2, Please bring this matter to my notice again when fresh slogans are found. JMB

15 AUG. 1935

§ 2, Reference "A", the idea would be to find out how many of the slogans were written by the same person, as the question of comparison with ordinary handwriting would need not be considered, in reaching conclusions, the height of the slogans from the ground, the colour of the paper used in making them, and other matters of physical nature might be considered. JMB

FM. 1

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

To S2 Shanghai, 8: 8: 1935.

Please go into
this matter carefully
and report.

Have you reached
any decision yet
about the value of
photographing the
slogans on walls?

M.H.

P.S. Please let me see
S.V.'s remarks when
you obtain them.

Form 203
N.H. 500-9-31

HEADQUARTERS.

S. M. P.

The attention of the Deputy Commissioner (Sp.Br.)
Acting
is drawn to the Commissioner's Remarks on

Yangtzepoo Daily State of August 8, 1935.
re Posting of slogans on electric poles.

"Better see if found in other districts".

Copy of Remarks of D. C. (S.B.) appended on
Gordon Road Report - Political No.12/35 -
(Sp.Br. Copy) dated July 27, 1935 - D.6785.

S. 2.

For enquiry and comment please. Would
it be worth while again considering the feasibility of
having these slogans photographed for the purpose of
comparing handwriting.

(Sd.) T.P.G.

29.7.35.

Form No. 3
G. 25,000-1-32

SHANGHAI MUNICIPAL POLICE.

Misc. REPORT No. 224/35

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY

File No. C-25
No. D. Singsa Station,
Date 22/7/35
Date 20th July 1935

Subject (in full) Communistic slogans chalked on the wall of 193 Tatung Road.

Made by D.I. Boddy.

Forwarded by *Inspt C Rishoff*

Sir,

At 11.15 a.m. 20/7/35 S.I. Hoing Pei Sung reports having observed communistic slogans which read "Join the Red Army" chalked on the wall of premises 193 Tatung Road at 11 a.m. 20/7/35. Slogan washed off by station coolie.

21
1
20

hzh
D.I.

Copy sent to Sp. Branch.

D.I. Kurb

Note, return to Registry
22/7/35

S.B. Registry,

Noted and passed

J.H. Kurb
22/7/35

F. 22 P.
D. 100-1-35

SHANGHAI MUNICIPAL POLICE
S. A. REGISTER

SHANGHAI MUNICIPAL POLICE

No. 6725
Date 15/7/35

CRIME DIARY.

CRIME REGISTER No: Political No.10/35.

"B" Division.
Gordon Road Police Station.
July 14, 1935.

Diary Number:— 1.

Nature of Offence:— "

Time at which investigation begun and concluded each day.	See below.	Places visited in course of investigation each day.	See below.
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RECORD OF INVESTIGATION.

Report on Communistic Slogans found written on wall on Kiaochow Road near Changping Road.

At 9.25 a.m. 14/7/35, whilst on patrol on Kiaochow Road near Changping Road, C.P.C. 192 discovered the following Communistic Slogans written with black paint on the outside wall of the Gonzaga School on Kiaochow Road, near Changping Road.

C.D.C.16 made enquiries at the scene and took a copy of the slogans from the wall which read as follows:

- (1) Strike to commemorate the May 30th.
(蘇之紀念五卅)
- (2) Down with the Imperialists.
(打倒帝國主義)

The above slogans were immediately washed off by a station coolie.

*Received at 11.35 am July 15.
J.G.*

Head
D.S.I.

*handed
over
15/7/35*

Copy to Special Branch.

*File
15 JULY 1935*

Section 2,
Special Branch.

FM.

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai, May 28, 1935.

To D.C. (Special Branch)

Sir,

Insomuch that slogans are usually written on rough cement or brick walls, I am of the opinion that it would not be worth while to have photographs taken for the purpose of comparison of handwriting.

B. B. Everett

Det. Inspt.

File

JHE

MAY 28 1935

Special Branch

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE

6225

CRIME DIARY.

Date: _____

"B" Division.

CRIME REGISTER No: Political No. 6/35.

Gordon Road Police Station.
May 25, 1935.

Diary Number: 1.

Nature of Offence: -

Time at which investigation begun and concluded each day.	See below.	Places visited in course of investigation each day.	See below.
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RECORD OF INVESTIGATION.

Report on Communistic Slogans written on walls on Changping Road and Hart Road on 25/5/35.

At 11 a.m. 25/5/35, C.P.C. 2670 reported to the station that the following Communistic slogans were found written with Chinese black ink on the walls on Changping Road and Hart Road.

C.D.S. 299 was detailed to make enquiries at the scene and took a copy of the slogans from the walls, translation of which are as follows:-

Changping Road

- (1) Down with the Kuomintang Fascists. (打倒国民党法西斯)
- (2) Uphold and protect the Soviet. (擁護蘇聯)
- (3) Join the Red Army (加入紅軍).
- (4) Down with the Imperialists. (打倒帝國主義)
- (5) Strike to commemorate the May 30th. (五一紀念五卅)
- (6) Help the North-Eastern Volunteer Army. (援助東北義勇軍)
- (7) Join the Communist Party (加入共產黨)
- (8) Strike to commemorate the May 30th Anniversary (五一紀念五卅)

Hart Road

- (1) Join the Red Army. (加入紅軍)
- (2) Uphold and protect the North-East Army. (擁護東北軍)
- (3) The Soviet Government is the real government for freedom. (蘇聯才是解放政府)
- (4) Strike to commemorate the May 30th. (五一紀念五卅)
- (5) Down with Kuomintang (打倒國民黨)
- (6) Join the Red Army. (加入紅軍)

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:— **Politio-1 6/35.** Division.
..... Police Station.
..... 19

Diary Number:-- **1-2-**

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

The above slogans were immediately washed off by a station coolie.

Head
D.S.I.

for
Copy sent to Special Branch.

2/27/35

S2, Please endeavour to arrange with stations to have these slogans photographed. You can arrange with a few stations privately at first, and if the scheme shows signs of proving useful I will arrange to have a special order issued.

JHG 27 MAY 1935

FM. 1.

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

Shanghai, May 18 1935
To Dep. Com. Special Det.

Sir:

Ref. attached.

Inasmuch that slogans written on walls are usually washed off soon after discovery, by station coolies, it will be necessary for an order to be issued by D.C. (Diro) that Stations first arrange for the studio officer to be informed.

R. J. Stewart
D.D.

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. P. JUNE 3/35.

File No. **D 6725**

Gordon Road / Station, 1

REPORT

Date **MAY 15th 1935.**

Subject **Report on Communistic slogans written on wall on Hart Road**
near Changping Road and Singapore Road.
Made by **D.S.I. Chu Meng Wei.** Forwarded by *[Signature]*

Sir,

The undersigned begs to report that communistic slogans
(translated as follows) were found written on the walls on
Hart Road near Changping Road and Singapore Road at 5p.m. 14/5/35.

- (1) Uphold and protect Soviet (擁護蘇聯)
- (2) Down with the Kuomintang betraying our country.
(打倒出賣中國的國民黨)
- (3) Oppose the 2nd time Great World War. (反對二次世界大戰)
- (4) Join the communist party. (加入共產黨)
- (5) Down with the Kuomintang. (打倒國民黨)
- (6) All Chinese should volunteer to oppose the Japanese
in the North of China. (中國人民自動抵抗日)

The above slogans were erased by station coolie together
with C.D.C. 258 at 6.30p.m. 15/5/35.

Chu Meng Wei
D. S. I.

For information.

Senior Detective i/o.

Copy sent to Special Branch.

IV
S 2
Please endeavor in
future to have slogans
photographed, so that when
a slogan writer is arrested, all
the cases for which he is responsible can
be brought home to him.

Noted *[Signature]* 17/5/35.

18 MAY 1935

III
Sir: Slogans already booked off by station
coolie *[Signature]* 17/5/35.

II
S 2
Would it
be possible
to have these
Communist
slogans
photographed
so that
writing might
be compared.
[Signature]
MAY 1935

Chinese Say Frenchtown Officials Opposed To Local Medical Center

SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY
No. S. B. D. 6728
Date 24-5-35

Permission Refused For Erection At Pioneer Field, Authorities Of Chinese Hospital Aver

French Officers Deny Blocking Ambitious Plan

Alleged opposition on the part of French Concession authorities to the building of the proposed Shanghai Medical Center on the original site on the Pioneer Athletic Field, Rue Pere Froc, has resulted in the Medical Center officials being forced to choose another site and to abandon their original site, THE CHINA PRESS was informed yesterday from usually reliable Chinese sources.

French Concession authorities, however, when questioned yesterday denied that they had been opposed to the building of the hospital on that site nor had there been anything but tentative plans to build municipal roads through the area.

The Medical Center has chosen another site outside the Concession, in Chinese territory, because the government desired that it not be located in foreign-controlled areas but in purely Chinese-controlled districts," one high French official declared.

Plans Drawn Up

The new center was to have been built on the Pioneer Field property and plans were drawn up. French authorities, however, refused to allow permission to the Chinese institution to proceed with construction of the first units of the Center on the Pioneer Field property, Chinese now declare. As a result, a new site of 100 mow has been chosen in Chinese territory at Fene Tung Chao, off Route Ghisi.

The creation of the Center originally became possible with the donation of the Pioneer Field property on Route Pere Froc by the Rockefeller Foundation. The property has an area of 130 mow of land comprising two and a half city blocks and is valued at not less than \$5,000,000.

Upon receipt of the gift of Pioneer Field, the Shanghai Medical Center organization was launched with a private board of directors composed of 27 prominent residents with Dr. H. H. Kung, minister of finance, as chairman. Contributions were received from Mr. T. V. Soong, Sir Victor Sassoon, Sir Elly Kadoorie, Sir Robert Hotung, and many other prominent residents until \$700,000 needed for the construction and equipment of the first unit, the Chungshan Hospital, was secured. In addition, \$300,000 for the construction and equipment of a second unit, the new National Medical College building, was raised by the college authorities.

Contract Signed

Last fall a contract for the first unit was signed and actual construction was to have begun. Trouble began immediately when French authorities notified the Center authorities that insofar as the French Municipal Council had planned to build new streets through the area, the hospital could not be built, Chinese officials alleged yesterday. Hospital authorities, it was declared, refused to accept such a reason. The project was held up for several months. Finally, the French authorities, according to a high Chinese official connected with the new project, stated that they would not permit a new Chinese hospital of such a magnitude to be built in the French Concession. In the meantime, it was announced that the original Pioneer Field site, "...for certain reasons... will be bought by the special organization which handles charity matters under the French Municipal Council."

As far as it could be learned yesterday, construction of the medical center is now definitely stated for the new location. Officials connected with the project have privately shown their concern over the change allegedly necessitated by the action of the French Municipal Council but refuse to be quoted or named.

The new Chungshan Hospital, the first unit, will be a four-story building with facilities for 450 beds which can be expanded into facilities for 1,000 beds. The National Medical College will also be a four-story building. Several additional buildings making a comprehensive medical center are already designed and will be built when funds are available. Funds for the hospital and college are already on hand and the two units will be built as soon as possible.

Chinese connected with the new Center have expressed their disapproval over the change of site allegedly necessitated by the action of the French authorities.

A 11

Mr Tan,
Please be sure
know of the site at
"A" has definitely been
selected.

J.P.
30 MAY 1935

Yes.
Tan
3075 File J.P.

30 MAY 1935

Confidential Drawer

SHANGHAI MUNICIPAL POLICE

Special Branch

REPORT

Date May 2, 1935

File No.

S. B. D. 6739

~~XXXXX~~

Subject Biography of Dr. Yen Fu Ching and his connection with the provision of a site for the Rockefeller Foundation Hospital.

Made by and Forwarded by Supt. Tan Shao-liang

F. B. (Yen Fu Ching)
Dr. Yen is a native of Shanghai. He was born in 1880. He received his early education in St. John's University, Shanghai. After graduation he went to America to further his studies. In 1909 he received the degree of M.D. (Yale). 1910, D.T.M., Liverpool. 1921, Honorary M.A. (Yale). C.F.H. (Harvard). 1903/4, Medical officer of Chinese Camps in South Africa. 1914-26, President of Yale Medical College, Changsha, China. 1927-8, Vice Director of Peking Union ~~univ~~ Medical College.

Since 1928 he has held the position of Dean of the College of the National Central University at Nanking and has acted concurrently as Superintendent of the Red Cross Hospital, 363 Avenue Haig, Shanghai.

Through the influence of his brother Dr. W.W. Yen, the Chinese Ambassador to Russia, Dr. ^{FC}Yen has a large circle of friends including many politicians and diplomats and enjoys a good reputation amongst Christians.

Whilst at Peiping he was Director of the International Board of the Rockefeller Foundation for the eradication of hook worm disease at the Fingheiang colliery.

During the past few years, Dr. Yen has devoted a great deal of time to the provision of a site for the Rockefeller Foundation Hospital, known in Chinese as the Central Hospital. *中大醫院*

With others interested in this scheme, he ^{has} raised a sum of \$4,000,000 to defray the cost of the building. The contributions, it is said, came principally from ^{overseas} Chinese. The money is now being held by the Bankers' Association with Dr. H.H. Kung, T.V. Soong, etc., as

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19...

Subject

Made by Forwarded by

- 2 -

supervisors.

This money was raised because ~~the~~ ^{the} Rockefellers stipulated that the piece of land known as Pioneer Field of the China National Amateur Athletic Federation, Rue de Pere Froc, would be donated for the site of the hospital provided that China contributed \$2,000,000 towards the hospital. However, the scheme to use this piece of land failed owing to opposition on the part of the French Authorities.

The committee ^{has to} was thus faced with the difficulty of selecting a suitable piece of land for this purpose. It is reported that last Sunday a meeting was held in the Bankers' Association, Hongkong Road, when Mayor Wu Teh-cheng suggested the surrender of a big piece of land off Route Ghisi at \$3,000 per mow.

Mr. Doo Yueh-sung opposed this because of the filthy condition of the Zah Hwei Kiang Creek and suggested that the hospital should be located somewhere in Hongkew or Chapei. Dr. Tichau suggested the purchase of the land formerly known as the Stadium off Kiao Chow Road but as the price was too high, about \$40,000 per mow, the committee did not approve of the scheme. The meeting had no result.

It is said that Dr. Yen Fu Ching is not fully empowered to purchase whatever land he thinks best for the site of the hospital as he has first to refer the matter to the Committee.

Tau Shaohing
Superintendent.

File
11/11/35

1025 C. (Special Branch)

P.U.M.C. RIVALLED IN SHANGHAI

Feng Ling Chao to be Made Medical Centre in Elaborate Construction Scheme

\$1,000,000 HOSPITAL AND COLLEGE PLANNED

THROUGH the co-operation of the Shanghai Medical Centre and the National Medical College, an institution on similar lines to the Peiping Union Medical College will be realized in Shanghai with the construction of buildings to house the Chungshan Hospital and the National Medical College of Shanghai. Both units, which will be located on a site occupying more than 100 mow of land at Feng Ling Chao, off Route Ghisi, will be completed and equipped at an estimated cost of \$1,000,000, excluding land.

The realization of the project was expedited by the donation of a \$5,000,000 property in the French Concession, known as the Pioneer Field, by the Rockefeller Foundation, which was also responsible for the establishment and support of the P.U.M.C. The land covers an area of 130 mow but, for certain reasons, it will be bought by the special organization which handles charity matters under the French Municipal Council. The new site was therefore decided upon.

The idea of the Shanghai Medical Centre was conceived many years ago with a view to providing adequate medical service for the 3,000,000 inhabitants of this city, especially the common people, as it is estimated that there are less than 5,000 beds at present for the entire community. The organization was inaugurated after the receipt of the above gift with a private board of directors composed of 27 prominent residents, with Dr. H. H. Kung, Minister of Finance, as chairman.

Through generous contributions from Mr. T. V. Soong, Chairman of the Bank of China, Sir Victor Sassoon, Sir Elly Kadoorie, Sir Robert Hotung, the Customs, the Bankers' Association and several other public-spirited residents, the \$700,000 needed for construction and equipment of the Chung-

shan Hospital was secured, while the \$300,000 required by the National Medical College has also been raised by the college authorities.

The hospital will be a four-storeyed building providing accommodation for about 450 beds with room for expansion to 1,000 beds. It will have an area of more than 40 mow of land, including a garden and adequate parking space. The National Medical College will also be four-storeyed and will occupy more than 30 mow.

Medical Centralization

The entire project, however, is much more significant than the mere establishment of a hospital and a medical college in that other medical organizations will also be located on the same site. Land will be assigned to the Chinese Medical Association, some leased to the Hong-Ying Library, and part set aside for an income-producing investment to help in supporting the hospital.

The Chinese Medical Association, which will have its headquarters there, is by far the leading medical fraternity for all China, having a membership of over 2,000 doctors with practically all the leading medical men in the country, both foreign and Chinese. Funds are already on hand for building the first unit of the Association, which will include a medical library, a big auditorium, possibly a medical museum, and a number of conference rooms.

The Hong-Ying Library, on which will be erected a Chinese library with special emphasis on medical books, will be located next to the Association building and Mr. T. U. Yih has given \$1,000,000 in establishing a foundation fund, to be administered by a board of trustees.

Shanghai is at present without a central medical library and the doctors are without

a central place where they can meet. So, when the whole plan is completed, it will truly become an important medical centre for Shanghai, where the doctors in the city may rally around to exchange experiences, to improve themselves and to work for the progress of scientific medicine in China. It is felt in medical circles that the standard of practice in Shanghai needs to be raised, and doctors need to be made more ethical, more scientific and less commercial. It was pointed out that in London, New York and other great cities, medical centres have proved to be a source of inspiration and incentive to the medical profession in promoting scientific medicine and ethical practice, all of which enables them to serve better the sick.

"Patients First"

Although the hospital will be used as a teaching hospital, it is primarily for the benefit of the sick. "Patients First" will be the abiding motto of all the hospital workers. A distinctive feature of the hospital is that it will serve the middle class people in the community. While the bulk of the beds (300) will be for the poor, and a few first class rooms will also be maintained, special provision is made for the middle class, for experience has shown that adequate medical care for this class is most pressing. It is pointed out that the rich may go to more expensive hospitals, the poor to institutions maintained by missions and philanthropic organizations, but the middle class can neither afford the former nor are willing to be housed in the same ward as coolies and labourers. The charge for middle class patients will be \$2 per day, including room, food and professional services, medical as well as nursing.

The hospital block will consist of a main hospital for in-patients, poly-clinics for out-

patients, a nursing school, a dormitory for graduate nurses and another for resident doctors. The contract for the first unit of the hospital had been signed some time ago but construction was held up because of the question of the site. The beds will be distributed according to the following services: medicine, including pediatrics, pulmonary tuberculosis, syphilology and dermatology, neurology and psychiatry, 190; surgery, including urology and orthopedics, 80; obstetrics and gynecology, 45; eye, ear, nose and throat, 62; first and second class beds, 68.

Details of Hospital

Following are details of some of the units in the hospital: X-ray and physiotherapy unit: this will occupy the block on the first floor facing the main entrance of the hospital. It will have adequate equipment for taking X-ray pictures, fluoroscopic examination and X-ray treatment. There will also be facilities for radium treatment. The physiotherapy unit will have all the apparatus for giving electric, diathermic, hydro and other physical therapies. The total cost of this unit is estimated as follows: building, \$20,000; sanitation and plumbing, \$6,000; equipment, \$25,000.

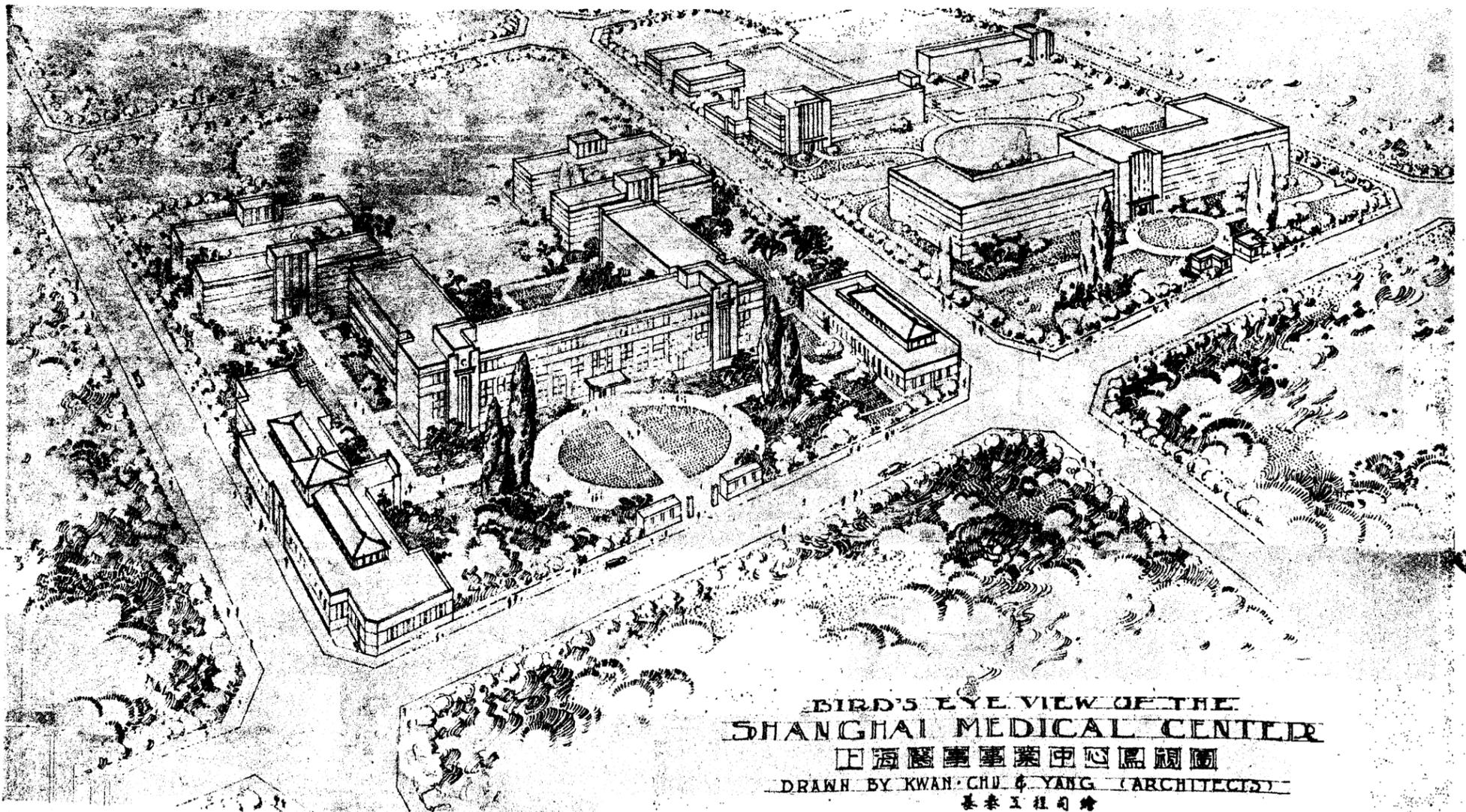
Operating room unit: this occupies the central portion on the third floor, facing the main entrance. It has two operating rooms for clean cases, two for septic cases, two delivery rooms, a dark operating room, and a treatment room for orthopedic cases. There will also be two rooms for labour, besides an ether room, a sterilizing room, an instrument room, and dressing rooms for doctors and nurses. The estimated cost is: building, \$25,000; sanitation and plumbing, \$10,000; surgical instruments and furniture, \$20,000.

A separate building on the east side of the hospital compound will house the nursing school and nurses' dormitory. It is divided into two units, a dormitory for 150 pupil nurses and one for teachers and graduate nurses. The whole of the ground floor will be used to accommodate classrooms, demonstration rooms, reading room, social and dining room. Its cost will be: building, two units, \$63,000; sanitation and plumbing, \$6,300; equipment, \$5,000.

Out-Patient Department

The out-patient department will occupy a separate building at the front and right-hand corner of the main building. It is

(Continued on page 11)



BIRD'S EYE VIEW OF THE SHANGHAI MEDICAL CENTER

上海醫學事業中心區圖

DRAWN BY KWAN CHU YANG (ARCHITECTS)

建築工程師繪

NEW SHANGHAI MEDICAL CENTRE, HOSPITAL AND MEDICAL COLLEGE, TO BE CONSTRUCTED NEAR ROUTE GHISI

106/4

one-storeyed but will accommodate all clinics of the different specialities of medicine, such as medicine, surgery, obstetrics and gynecology, skin, eye, ear, nose and throat, pulmonary tuberculosis, etc. There will be a separate unit for pediatrics. It is hoped that 500 patients will be attended to in this building daily. The total cost of the department is: building, \$49,500; sanitation and plumbing, \$10,000; equipment, \$21,000.

Special mention must be made of the unit for orthopedic patients and crippled children. It will occupy the top floor with ample open space on the flat roofs. This location is chosen because most of the bone and joint cases among children are tubercular and should have plenty of fresh air, sunshine and outdoor recreation. The unit will accommodate 48 patients and even bigger children or young convalescents suffering from this disease. The total cost is estimated at \$50,000.

One of the incentives which led to the creation of the orthopedic unit was the laudable desire of the promoters to carry on this splendid work, the foundation of which has been so well laid out by Dr. New, the pioneer of orthopedics in China. He gave the best part of his life in starting and carrying on this most difficult part of medical work, and more than ten years were spent in building up a good orthopedic hospital. He gave not only professional skill, but money also. Unfortunately, a serious illness overtook him and immediately after the hospital, which has accommodation for 100 beds, was forced to reduce to the minimum. At the time of Dr. New's departure for Tsingtao, there were only 30 patients. Some of the patients, doctors, graduate and pupil nurses were taken over by the Shanghai Medical Centre, but it

was felt that something more constructive should be done to preserve and further the noble work to which Dr. New gave so much time and energy. Hence the new unit.

Medical College

Like the Chungshan Hospital, the Medical College will be U-shaped. The four-storey buildings will accommodate seven pre-clinical departments: anatomy, physiology, pathology, bacteriology, public health, bio-chemistry and pharmacology; three pre-medical departments: chemistry, physics and biology. Each department will have a separate unit of laboratories for students as well as laboratories which will enable teachers in departments to do research work. An assembly hall, library and administration offices will also be provided for in the building.

Established eight years ago as a medical college of the Fourth Chungshan University at Nanking, the National Medical College of Shanghai, which has been reorganized and made an independent organization, has more than 60 professors and several hundred students.

The Red Cross Hospital now serves as a teaching hospital in general medicine. It is still so named because it is loaned from and partially supported by the Red Cross Society of China. The Chinese Infectious Diseases Hospital on Thibet Road gives the students and doctors training in communicable diseases although it is owned and financed by a separate board. The tuberculosis sanitarium in Kiangwan which gives treatment to tubercular patients again is controlled by another board. The Medical College in conjunction with the Shanghai City Government maintains at Kiaochow a Health Demonstration Centre where the students may get practical experience in rural health work.

When the College was first inaugurated, its premises were located in the former University of Political Science at Woosung. Dr. F. C. Yen, who was then Dean of the P.U.M.C., through repeated requests from government authorities, assumed the post of President and arrangements were made with the Red Cross Hospital to serve as a teaching hospital for the students.

Final Reorganization

Since 1930, the name has been changed several times and has been known variously as Chungshan College, Kiangsu College and Central College. Final reorganization and adoption of the present name were not effected until 1932, when the Ministry of Education ordered it to become an independent institution. Plans which were conceived earlier for the creation of its own teaching hospital, later named Chungshan Hospital, forged ahead with encouraging results.

During the Sino-Japanese conflict which broke out in January 1932, the Woosung premises were severely damaged. Dr. Yen, despite his strenuous and multifarious duties in caring for the sick and wounded victims of the war, did not forget the needs of his students, but arranged with St. John's University to take care of them in the emergency created so that their studies would not be interrupted.

After the war, assistance was rendered by the National Economic Council and a four-storeyed building was erected next to the Red Cross Hospital as temporary quarters for the College. It occupies two mow of land and was completed in October, 1932, four months after construction began.

However, the need for its own teaching hospital increased and special efforts were put forth to bring it to speedy realization. The beautiful garden in Kiangwan was later donated by Mr. T. U. Yih and used as T. B. sanitarium. The Ministry of Education gave \$100,000 towards the construction of the College. This was later added to by the Trustees of the Sino-British Indemnity Funds by \$60,000. The site for the Chungshan Hospital and for the Medical College was then contributed by the Rockefeller Foundation.

In Memory of Sun Yat-sen

The Chungshan Hospital was so named in memory of the late Dr. Sun Yat-sen. A preparatory committee was established four years ago with Dr. H. H. Kung as chairman and Mr. Sun Fo, president of the Legislative Yuan, Dr. J. Heng Liu, Director of the Health Administration, as vice-chairman. Mr. Sze Liang-tsai, the late proprietor of the "Shun Pao," Mr. Wang Shao-lai, and Mr. Wang I-ting, served as members of the standing committee, while Dr. F. C. Yen acted as secretary-general. As the preparatory work was finished with the donation of the land and other contributions from individuals and institutions, this committee was dissolved, and the Shanghai Medical Centre came into being.

The Board of Directors of the Centre is a legal body duly registered with the Government, but is private and self-perpetuating. It controls all the properties and funds contributed from private sources. The property now in the name of this Board includes the Pioneer Field, Yih's Garden at Kiangwan and the Hungjao Sanatarium. It also serves as trustees of all funds for the building of the hospital, for its future maintenance, and for endowment.

Members of the Standing Committee of the Board are: Dr. H. H. Kung, chairman; Mr. T. U. Yih, secretary; Mr. Loh Yi-ming, secretary; Dr. Y. M. Chien, Mr. Sun Fo, Mr. O. S. Lieu, Mr. K. H. Ling, and Dr. F. C. Yen.

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
6730

Section 2, Special Branch

REPORT

Date May 21 1935

Subject Arrival of V. Kiriloff, Soviet diplomatic official.

Made by D.S. Tcherezhansky Forwarded by *D. S. Tcherezhansky*

Vasily Kiriloff, 34, Soviet citizen, arrived at Shanghai from Moscow via Japan on May 19, 1935, by the s.s. "Empress of Asia," accompanied by his daughter Nina Kiriloff, 9 years of age. He is in possession of Passport No. 11642 issued on February 17, 1935, at Moscow by the Peoples Commissariat for Foreign Affairs. A Chinese visa was issued on February 24, 1935, at Moscow. Kiriloff states that he is a secretary of the U.S.S.R. Consulate General at Shanghai, and will reside at No. 1 Whangpoo Road.

Tcherezhansky
D. S.

Deputy Commissioner (Special Branch).

File
MS

D-6731

SECRET

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SHANGHAI MUNICIPAL POLICE.

File No. 6731

Section 1, Special Branch
REPORT
Date October 8, 1937

Subject Allegations against G.P. Larin, Chairman of the Governing Board
of the Russian Mutual Credit Corporation.

Made by D.S.I. Prokofiev. Forwarded by C. Crawford

*See also
D 679*

*See also
D 719*

SHANGHAI MUNICIPAL POLICE
mb
8 OCT 1937

*File
D 679
9/10*

On September 17, 1937 two Russians named J.L. Kubanoff and G.V. Chumakoff, respectively, called on Mr. G.P. Larin, Chairman of the Governing Board of the Russian Mutual Credit Corporation, 614 Avenue Koch, and showed him a photographic copy of an application alleged to have been made by him to the local Soviet Consulate in January, 1937 for permission to return to the U.S.S.R. (Appendix "A").

Larin immediately declared the document to be a fake, however, the three individuals agreed that the matter should be thoroughly investigated into, in view of public interest it presented. For the purpose of comparison of his handwriting with that appearing in the document Larin volunteered to make a copy of the document in question in his own handwriting in the presence of Kubanoff and Chumakoff. (Appendix "B").

After an unsuccessful attempt on the part of the latter two individuals to obtain an opinion of a handwriting expert regarding this matter, a commission was formed on October 3 at the request of Larin in order to investigate the origin of the document as well as the truth of the allegations it contained.

Attached herewith together with a translation is a photographic copy of another document alleged to have been written by Larin at the time of making the application referred to above. (Appendix "C"), of the existence of which Larin so far has no knowledge. No explanation was also offered to him by Kubanoff and Chumakoff/s to the source from which the two documents had been obtained.

Apart from being a prominent member of the Russian Mutual Credit Corporation, Larin acts as a secretary to the General Committee of Russian Emigrants' Association in Shanghai.

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

Station,

Date.....19

Subject.....

-2-

Made by..... Forwarded by.....

(National Committee). The significance of the allegations against him, therefore, will be easily understood by the local Russian community. Should the allegations prove to be false, it will be of interest to establish the source of their origin. In this connection it will be recalled that in April, 1937 an attempt was made by an employee of the local Soviet concern ~~SAFORSHLES~~ to induce Larin to work for the Soviet government (Vide report dated 14-4-37).

* 7-6731

G. Rubanoff and G. Chumakoff mentioned above are members of the "National Union of New Generation", a Russian national-patriotic organization the office of which is at present located at 859 Weihaiwei Road.

Further report will be submitted on this matter in due course.

A. Prokofiev
D. S. I.

DBF
4/10

D. S. (Special Branch)

Translation from Russian

Name in full: LARIN, Georgy Pavlovich.
Date & place of birth: August 24, 1900, Orenbourg.
Citizenship (before & now): Russian. Emigrant.
Single or married: Married.
Education, principal profession: Graduate of a middle school and the Habarovsk Military Cadets School.
Reason of journey, where to and for how long: To Moscow, for permanent residence.
When and by what document have you departed from USSR, and through which frontier: Retreated to China in 1922 together with detachments of the White Army.
Your last dwelling place in USSR: Russian Island, Vladivostok.
To which political party did you belong: I sympathize with the All-Russia Communist Party (Bolsheviks).
Have you any relatives in USSR and their exact address: Father- Pavel Kosmich Larin; mother- Sofia Afimovna Larina; brothers- Nicolas and Vladimir. Their addresses are not known to me.
Address abroad: 9 Rue Paul Henry, Flat 8, Shanghai, China.

Informing you of the above about myself I beg
(Signed) G.F. Larin.

Consul's remark:

Consulate of the USSR at.....No.....193.....

SHANGHAI MUNICIPAL POLICE

S. 910 REGIST

SHANGHAI MUNICIPAL POLICE. H. D. 6731

Section 1, Special Branch 3 4/11/40

REPORT

Date 3/11/40

Subject G.P. Larin - Allegations regarding connections with Soviet authorities declared unfounded.

Made by D.S.I. Prokofiev. Forwarded by D.I. Crawford.

On December 29, 1940 an announcement appeared in the local Russian emigrant newspapers to the effect that the Governing Board of the Russian Emigrants Committee, having considered a report dated 27-12-40 of a special commission appointed by the Committee for the purpose of investigation of certain allegations made against Mr. G.P. Larin, Managing Director of the Russian Mutual Credit Corporation, unanimously endorsed the opinion of the commission and decided to have its report published in the press and regard this matter as finally closed.

appointed on 8.11.40 and consisting of Messrs N.N. IVANOFF, D.S. LARIN and D.V. ROCHNEFF, the commission in question, after carrying out a detailed examination of all documental data etc. relating to the case, has reached the following conclusion:-

- (1). The whole affair is either an act of provocation on the part of local Soviet agents or an attempt of a black-mail on the part of certain unworthy members of the Russian community who are apt to resort to any base means in order to attain their aims.
- (2). The allegation that Mr. Larin has been connected with the local Soviet authorities is utterly absurd and entirely without foundation and therefore should be disregarded.
- (3). In view of the above Mr. Larin should be recognized as a person enjoying full rights in the local Russian community and absolutely cleared of all accusations made against him in connection with this matter.
- (4). To submit the findings of the commission to the Russian Emigrants Committee for approval.

The particulars of the case referred to in the above announcement form the subject of report dated



RECEIVED BY
SPECIAL BRANCH
DATE 3/11/40

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

.....Station,

Date.....19

- 2 -

Subject (in full)

Made by.....Forwarded by.....

8-10-37 (File D-6371).

A. Trokajew

D. S. I.

C. 39

10/12

A. C. (Special Branch).

Appendix "C"

Translation of statement alleged to have been made by G.P. LARIN when applying to the local Soviet Consulate for permission to return to the USSR.

STATEMENT

I, the undersigned Georgy Pavlovich LARIN, hereby declare that beginning from 1918 I have been conducting an active struggle against the Soviet Government. It seemed to me that I was serving a great cause in the interests of my Motherland.

Having realized the futility of my struggle against the USSR, I wish to atone for my guilt by working for the welfare of my Motherland and to become an honest Soviet citizen. In proof of my sincerity I honestly promise to struggle against any enemies of my Motherland - whiteguardists and the Japanese - exposing by every means their harmful activities.

(Signed) G.P. Larin.

January 11, 1937
Shanghai.

(and other Russian newspapers).

Дѣло Г. П. Ларина закончено

Постановленіе правленія РЭК

Правленіе Русскаго Эмигр. Комитета в засѣданіи своем от 27-го декабря заслушало заключеніе комиссіи, выбранной правленіем Комитета из своего состава 15-го ноября с. г. в лицѣ Н. А. Иванова, полк. Д. В. Кочнева и пор. Д. Б. Ларина для разсмотрѣнія дѣла Г. П. Ларина.

Разсмотрѣвъ постановленіе комиссіи под предсѣдательством полк. Г. К. Бологова по дѣлу Г. П. Ларина особая комиссія правленія Русскаго Эмигрантскаго Комитета вынесла нижеслѣдующую резолюцію: Город Шанхай, 27-го декабря 1940 года. Мы, нижеподписавшіеся, Н. А. Иванов, Д. В. Ларин и Д. В. Кочнев, будучи избраны на засѣданіи Правленія Русскаго Эмигрантскаго Комитета в Шанхаѣ 15-го ноября сего года (Протокол № 8) для разсмотрѣнія постановленія Комиссіи под предсѣдательством Г. К. Бологова по дѣлу по обвиненію Г. П. Ларина в сношеніях с представителями совѣтской власти в Шанхаѣ и ознакомившись подробно со всѣми документальными данными этого дѣла, единогласно пришли к нижеслѣдующему заключенію.

1. Признать, что данное дѣло является или прово-

каціей со стороны мѣстных агентов совѣтской власти или шантажем со стороны нѣкоторых недостойных членов мѣстной эмигрантской колоніи, которые, преслѣдуя свои низкія цѣли не останавливаются ни перед чѣм для достиженія задуманнаго ими.

2. Признать, что обвиненіе Ларина в сношеніях с мѣстными совѣтскими властями является совершенно вздорным, ни на чем не основанным и не заслуживающим какого-либо серьезнаго вниманія.

3. В виду изложеннаго признать Ларина полноправным членом мѣстной эмигрантской колоніи и

считать его совершенно оправданным от каких-либо обвиненій по данному дѣлу.

4. Настоящее свое заключеніе представить на утвержденіе Русскому Эмигрантскому Комитету в Шанхаѣ.

Н. А. Иванов.

Полк. Д. В. Кочнев.

Поручик Д. Б. Ларин.

Правленіе Русскаго Эмигрантскаго Комитета, разсмотрѣвъ резолюцію единогласно постановило признать ее принятой, считать дѣло Г. П. Ларина закрытым и опубликовать эту резолюцію в шанхайской эмигрантской прессѣ.

193 г.

№

Консульство СССР в

Фамилия, имя, отчество Name in full	Ларин Георгий Павлович
Год и место рождения Date & place of birth	Июль 1900, г. Оренбург
Гражданство (прежде и теперь) Citizenship (before & now)	Российское. Эмигрант.
Семейное положение. Single or married	Женат.
Образование, основная профессия Education principal profession	Окончил Вальденский университет и Кабаровский Кавказский курсы.
Цель поездки, куда и на какой срок Reason of journey, where to and for how long	На постоянное жительство в Москву.
Куда и по какому документу выехал из СССР и через какой пограничный пункт When and by what document have you departed from USSR, and through which frontier.	В 1922, выехал в Китай билетом с женой Белой армии.
Последнее место жительства в СССР (Россия) Your last dwelling place in USSR (Russia)	г. Владивосток - Рижский вокзал.
К какой партии принадлежали To which political party did you belong.	Создавалось ВКП(б).
Имеются ли в СССР родственники и их точный адрес Have you any relatives in USSR and their exact address.	Нет. Ларин Павел Кузьмич, мать Мария Софья Егоровна, братья Николай и Александр. Адрес не известен.
	Сообщая о себе вышеизложенное прошу Informing you of the above about myself.
	I beg Подпись Signature

Адрес за границей
Address abroad

Китай

9, Rue Paul Henry, Plat d'Anfang.

Замечание консула:

и упрямъ Тогови Таболава.

24го августа 1900 г. Бремень.

Бессемь. Шингаур.

Менайя.

Онарау Равьне Гамме и Кабаровски
Кадиссий Корнея.

На невяное мейсвоко в Москва

Въ 1922 году отступил в Китай вместе с частями
Белой Армии.

2. Владиславъ. Руския империя.

Сурьветова В.К.И. (б.)

Отецъ Павелъ Кривой, мать София Егорова,
братья Николай и Владимир.

Врагъ коммунизма
Заблуд. в коммунизм, 1927 год
2-й разъездъ вдалеке отъ Москвы
в 1928 году.

Ф. № 93.

Фамилия, имя, отчество Name in full	Лагун Тогови Таболава
Год и место рождения Date & place of birth	24 августа 1900, г. Бремень
Гражданство (прежде и теперь) Citizenship (before & now)	Российское Империя.
Семейное положение. Single or married	Менайя.
Образование, основная профессия Education principal profession	Онарау Равьне Гамме и Кабаровски Кадиссий Корнея
Цель поездки, куда и на какой срок Reason of journey, where to and for how long	На невяное мейсвоко в Москва
Когда и по какому до- кументу выехали из СССР и через какой погранпункт When and by what docu- ment have you departed from USSR, and through which frontier.	В 1922, отступил в Китай вместе с частями Белой армии.
Последнее место жи- тельства в СССР (Россия) Your last dwelling place in USSR (Russia)	Т. Владиславъ - Руския империя.
К какой политич. партии принадлежали To which political party did you belong.	Сурьветова В.К.И.
Имеются ли в СССР родственники и их точ- ный адрес Have you any relatives in USSR and their exact address.	Отец, Павелъ Кривой, мать, София Егорова, братья Николай и Владимир. Адрес не известен
	Сообщаю о себе вышеизложенное прошу подтвердить мое право в СССР Informing you of the above above report I beg
	Подпись Signature

Консульство СССР в

Адрес за границей
Address abroad

Китай
9, Rue Paul Henry, Plat d'Union.

Владельцу консула:



Тогниска.

подписавшийся Ларин Георгий

Табеевич, нас волнует особенно, что, начиная с 1918 г., с тех американскую борьбу против Советской власти. Мне кажется, что в этом случае патриотическое дело есть своей родины.

Видно всю бесчеловечность своей борьбе против СССР, с той работой на благо своей родины и чуждым своим делу и быть чуждым советским гражданам. В доказательство своей искренности я обещаю лично бороться со всеми врагами своей родины — белохранителями и шпионами, всеми разоблачая их вредную работу.

Г. Т. Ларин.

Гор. Шаурай?

16 января 1937 г.

Секретно.

А К Т.

1937 года октября 3-го дня гор. ШАНХАЙ. Мы, нижеподписавшиеся, составили настоящий Акт о нижеследующем: Сего числа Председатель Совета Директоров Русского Общества Взаимного Кредита Полковник Г. А. Бологов, на основании письма, полученного им от Председателя Правления Русского Общества Взаимного Кредита Г. П. Марина от 2-го сего Октября, пригласил нижепоименованных членов Общества Взаимного Кредита - общественно политических деятелей города Шанхая на частное совещание.

Открыл такое же, Полковник Г. А. Бологов зачитал письмо Председателя Правления Русского Общества Взаимного Кредита Г. П. Марина, его письмо на имя членов Национально-Трудового Союза Нового Мандчжурия в Ханкай г. г. Рубанова и Ушакова и отчет последнего на имя Г. П. Марина и выслушал причину сей переписки и выслушал объяснения Г. П. Марина. Сущность обвинения представителям НТСН Г. П. Марина заключается в том, что членами означенного союза Г. П. Марину был представлен фотографический снимок с анкеты в Советское Консульство в Ханкай, будто бы поданный туда Г. П. Мариным на предмет получения разрешения на возвращение в Советский Союз. Откуда, как и кем доставлен г. г. Рубанову и Ушакову этот документ, - последние не указали. Обвинения, данные Г. П. Мариным, сообразуются с действительным общественно-политическим деятелем их удовлетворяла и совершенно безспорно, что мы имеем здесь дело с злонамеренной провокацией, направленной против Г. П. Марина в целях нанесения ему морального, а быть может и материального ущерба и дискредитирования его имени, как крупного общественно политического деятеля.

Удовлетворяя ходатайство Г. П. Марина, нижеподписавшиеся ПОСТАНОВЛЯЮТ:

- 1/ Образовать следственную комиссию из членов Русского Общества Взаимного Кредита и общественно-политических деятелей в составе: Полковника Г. А. Бологова, Д. М. Гусова, Г. В. Голубева, П. М. Запеза, П. М. Иконников, В. М. Кедровливанского, А. А. Лукина и В. В. Бедуленко.
- 2/ Избрать председателем следственной комиссии Полковника Г. А. Бологова и секретарем ее А. А. Лукина.
- 3/ Просить Представителя Русской Эмиграции в Ханкай К. Д. Щедра утвердить состав этой следственной комиссии и лично принять в ней участие или делегировать в ее состав своего представителя.
- 4/ Расширить состав следственной комиссии за счет включения в ее состав представителей от общественно политических организаций г. Ханкай.
- 5/ Присутствие к следствию по выяснению деятельности обвиняемого Г. П. Марина и обвинителей представителей НТСН г. г. Рубанова, Ушакова и прочих связанных с этим делом лиц.
- 6/ О ходе следствия держать в курсе Представителя Русской Эмиграции г. Ханкай К. Д. Щедра, а и просить его оказывать следственной комиссии буже в таковой встретится надобность, свое содействие.

Председатель Совещания:

Члены Совещания:-

The above is reported to be a copy of a resolution of a meeting of a group of Russian public workers in Shanghai regarding the formation of a commission for the purpose of investigation of allegations made against Mr. G. P. Marin. The meeting was held on 2-10-37 at the request of Mr. Marin.

SECRET

SHANGHAI MUNICIPAL POLICE.

File No. 6731

Section 1, Special Branch
REPORT

Date April 14, 1937.

Subject Activities of F. A. Karmaleyeff, Soviet employee.

Made by D.S.I. Prokofiev. Forwarded by J. Boyne D.S.I.

D 6731

On April 7, 1937 information was received to the effect that Mr. G.P. Larin, member of the General Committee of Russian Emigrants' Association at Shanghai, had been approached by an unknown Russian male with a view to inducing him to work secretly on behalf of the local Soviet authorities. At the request of the unknown Larin agreed to meet him again at 5.30 p.m. on April 8 at the New Kiessling Cafe, 1001 Bubbling Well Road.

At the same time he informed the undersigned of the time and place of the meeting, as well as of the intentions of the unknown.

Arrangements were made by this section to keep a discreet watch at the time and place appointed in order to establish the identity of the unknown Russian.

The individuals in question came to the cafe at about 6 p.m. on April 8. Upon leaving the place half an hour later the unknown Russian was followed by (C.D.C.s 199 and 281) who traced him to 453 Avenue Joffre where he took a lift to the 4th floor. He was subsequently identified as F.A. Karmaleyeff, employee of the local branch of the EXPORTLEB, 2 Peking Road, (a Soviet concern).

APR 15 1937
CHANGHAI

It appears that Karmaleyeff called on Larin on April 6 and handed him a "letter of introduction" from a certain B. N. Kurbatoff, former employee of the Shanghai branch of the Centrosojus, who is in the U.S.S.R. at present. While in Shanghai Kurbatoff resided at 1173 Bubbling Well Road, where Larin also resided at that time. During the course of the interview, Karmaleyeff gave Larin to understand that the latter's political activities directed against the Soviet Government were known to the local Soviet authorities and that it would be better for Larin and his family (including his parents in the U.S.S.R.) to

No. 7860/27

FILE
JBR
574

SHANGHAI MUNICIPAL POLICE.

File No.

-2-
REPORT

Station,

Date..... 19

Subject

Made by..... Forwarded by.....

discontinue these activities and to work for the Soviet Govern-
ment. He played on Larin's patriotic sentiments pointing out
various dangers threatening their common Motherland and
described the alleged revival of Russian nationalism in the
U.S.S.R. As an instance of the latter he mentioned the fate
of Zinovieff and other former leaders of the Russian Communist
Party who had been sentenced to death for high treason. Larin
denied his participation in activities directed against the
Soviet Government, whereupon Karmaleyeff repeated rather sternly
his advice to discontinue any anti-Soviet activities.

Larin, a former junior cossack officer, has been residing
in Shanghai since 1923. Among the local Russian community he
has the reputation of an honest and straightforward person.
Some time ago rumours were current that he was connected with
the "Brotherhood of Russian Truth," a Russian secret national-
patriotic organization, members of which are reported to have
been responsible for many terrorist acts in the U.S.S.R. direct-
ed against the communist government. It was this part of Larin's
alleged political activities, that particularly interested
Karmaleyeff who, in return for information regarding the
activities of the said organization, promised Larin a generous
remuneration.

* See 0. 149

Fedor Arsenievitch KARMALEYEFF, 36, Soviet citizen, first
came to the notice of this section following his arrival in
Shanghai from Moscow via Japan on May 19, 1935 in the s.s.
"Empress of Asia." He was accompanied by his wife, Mrs. L.
Karmaleyeff, and their son, 11 years of age. In Shanghai
Karmaleyeff has been attached to the EXPORTLEB as manager of
the Technical Department. He resided at House 133, Lane 591

SHANGHAI MUNICIPAL POLICE.

File No.

-3-
REPORT

Station,

Date.....19

Subject.....

Made by..... Forwarded by.....

Bubbling Well Road until about November, 1936, when he removed to 453 Avenue Joffre, his present address.

Kermaleyeff's attempt to secure the services of a local "white" Russian resident in the capacity of a secret agent is but another instance showing that the activities of local Soviet employees are not always limited to their respective official duties. The rather blunt and tactless manner in which he carried out his mission may indicate that he intends to return to the U.S.S.R. shortly and, therefore, did not mind exposing himself in case of a failure of his attempt. In this connection it should be pointed out that in the majority of cases Soviet employees in Shanghai are, as a rule, recalled to the U.S.S.R. after two years' service.

G. Prokofiev
D. S. I.

cl.
D.C. (Special Branch)

D.R.

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
File No. S. B. REGISTRY.

Section 2, Special Branch *D. 6-31*

REPORT

Date May 21, 1935. *5/35*

Subject Arrival of F. Karmalejeff, Soviet employee.

Made by D.S. Tchereyshansky

Forwarded by *N. B. Everest D.S.*

Theodore (Fedor) Karmalejeff, 34, Soviet citizen, arrived at Shanghai from Moscow via Japan on May 19, 1935, by s.s. "Empress of Asia". He is in possession of Passport No. 19424/205388 issued in Moscow by the Moscow District Executive Committee, which bears a Chinese visa issued on March 24, 1935. In the Alien Declaration Form Karmalejeff stated that he arrived at Shanghai to work in the local branch of the Centrosojus (England) Ltd. He is accompanied by his wife Mrs. Ludmila Karmalejeff, 30, and their son Jury, 9 years of age.

The address of Karmalejeff has not yet been ascertained.

Tchereyshansky
D. S.

Deputy Commissioner (Special Branch).

File
ME

KARMALEYEFF, Fedor Arsenievitch
Attached to the EXPORTHLEB as manager of the
Technical Dept.
Connected with "Brotherhood of Russian Truth".

SMP

SMP: No. S.B. D 6731

LARIN, Georgy Pavlovich
Chairman of Governing Board of Russian Mutual Credit Corp.

RUEANOFF, C. L.

CHUMAKOFF, C. V.

D-6737

D-6738

SHANGHAI MUNICIPAL POLICE.

C.S.6, Special Branch, 322225

REPORT

Date May 23, 1935.

SHANGHAI MUNICIPAL POLICE
File No. S. B. REGISTRY
No. S. B. D. 67,371
Date

Subject Re. Wiera LUTOWICZ

Made by D.S.I. Coyne.

Forwarded by *R. B. Everett, D.S.*

Sir,

I have to report that enquiries have been made concerning Wiera Lutowicz, a Polish citizen, the wife of Konstanty Lutowicz, of 810 Avenue Joffre.

There is nothing in Police records against this woman, nor is there anything known against her either from a political or moral point of view.

J. Coyne

D. S. I.

D. C. (Special Branch).

Key. Please prepare reply in above sense.

J. Coyne
24 MAY 1935

C.S.S. Special Branch, XXXXX

May 23, 35.

Ms. Wiera LUTOWICZ

Sir,

I have to report that enquiries have been made concerning Wiera Lutowicz, a Polish citizen, the wife of Konstanty Lutowicz, of 810 Avenue Jeffre.

There is nothing in Police records against this woman, nor is there anything known against her either from a political or moral point of view.

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.
TEL. AD. HOLLANDIA.

CONFIDENTIEEL

S. B. REG.

No. D 6736
Date 20 May 1935

No. 1791.

SHANGHAI. 20 May 1935.

Sir,

I have the honour to inform you that I received an application to-day for a visé for admission into the Netherlands Indies from the following person :

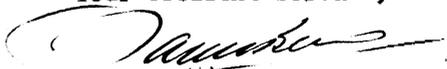
Wiera LUTOWICZ, a dressmaker, born at Saratow, 19 August 1893, residing at 610 Avenue Joffre, a Polish citizen, holder of a passport issued at Shanghai, Polish Legation, on 23 April 1935, Serie 1, No. 414120/60/35, valid until 23 April 1938.

I should be much obliged if you could let me know whether there is anything against the above person from a political or moral point of view.

I have the honour to be,

Sir,

Your obedient servant,


Chinese Secretary.

T.P. Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,

SHANGHAI.

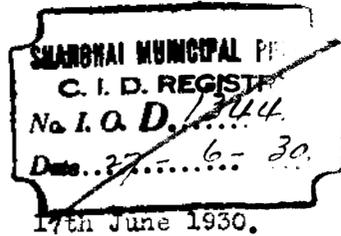
S 2 of b. d. 6
For attention please

JTG
22 MAY 1935

W. L. Givens
22/5/35

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.
TEL. AD. HOLLANDIA.
No. 1508.

SHANGHAI.



Sir,

I wish to acknowledge the receipt of your letter of the 16th instant, No.D.1344, regarding Mr. Constanty Lutowicz and to thank you for the information contained therein.

I have the honour to be,

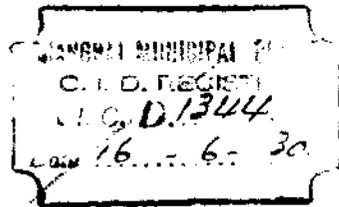
Sir,

Your obedient servant,

M. M. M.
Chinese Secretary.

J.P.Givens, Esquire,
Officer in charge of Special Branch,
Shanghai Municipal Council,
SHANGHAI.

File 1344



June 16, 30.

Sir,

With reference to your letter, No. 1710, dated June 10, 1930, I have to inform you that there is nothing in police records against Mr. Constant Lutowicz, who is also not known to be in any way connected with Bolsheviki.

I have the honour to be,

Sir,

Your obedient servant,

Officer in Charge Special Branch
for Deputy Commissioner
(Crime & Special Branches).

Consul-General for the Netherlands,

Shanghai.

SHANGHAI MUNICIPAL POLICE.

File No. _____

10 D 1344

REPORT

Special Branch No. 2. Station,

Date June 14, 1930

Subject (in full) Konstanty Lutowitez,

Made by D.S. Tcheremshansky.

Forwarded by *W. H. ...*

With reference to the attached letter of June 10,

1930 from Consulate General for the Netherlands re: Konstanty Lutowitez, inquiries show that he resides at 744 Avenue Joffre, where he owns the ladies salon "Monigue." K. Lutowitez is a native of Covno (formerly part of Russia, now Poland), was born in 1893 and educated at a commercial school in Covno. From 1912 to 1916 he lived at Kiev, South Russia, where he studied in a Politechnic high school. In 1916 he was mobilized in the Russian Army and joined the Kiev Military School. In 1917 Lutowitez was promoted to Commissioned rank and sent to Kazan for a course in gas warfare. In 1918 when the Whites took Kazan, he joined the White Russian Army and retreated with them to Novo-Nikolaevsk, Siberia. In this place he received a Polish passport and left the Army. He later arrived in Harbin and was employed there as a teacher in a middle school. In May 1919 Lutowitez left Harbin for Shanghai, and from 1919 to 1926 he was employed at the "China Soap Co." Yangtzepoo. In 1927 he re-opened his present business the "Salon Monigue."

It is not known that he is in any way connected with Bolsheviki, and there is nothing in Police records to his detriment.

J. Tcheremshansky
D. S.

D. C.
(C. & S. Branches)

Reg. Please prepare reply giving the information in the last sentence.

J. Tcheremshansky
14:6:30

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.
TEL. AD. HOLLANDIA.

No. 1710

SHANGHAI MUNICIPAL
C. I. D. REGIST.
No. I. O. *B. 1344*
Date *11. 6. 30.*

SHANGHAI, 10th June 1930.

Sir,

I have the honour to inform you that the Polish
subject Konstanty WUTCICZ, merchant, doing business
at 744 Avenue Joffre (Monique) decides to travel to
Netherlands India in order to call dresses there.

I would be much obliged to hear from you whether
anything is known against this person, either from a
political or moral point of view.

I have the honour to be,

Sir,

Your obedient servant,

[Signature]
Chinese Secretary.

* *Ser.*
No record in
Sp. Br. Reg.
do do do do 11/6.
Crime Registry
do do do 11/6

A. C. Aiers, Esquire,
Deputy Commissioner,
Crime & Special Branches,
Shanghai Municipal Police,
SHANGHAI.

Specio Branch No. 2,
For attention please.
[Signature]

CONSUL-GEENRAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.

No. 1854.

SHANGHAI, 27 May 1935.

Sir,

I wish to acknowledge the receipt
of your letter No. D. 6736 dated the 24th
instant regarding Mrs. Wiera Lutowicz and
thank you for the information contained
therein.

I have the honour to be,
Sir,
Your obedient servant,



Chinese Secretary.

T. P. Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,

SHANGHAI.

File gmg

D. 6736.

SHANGHAI MUNICIPAL POLICE
C. & S. H. REGISTER
No. S. B. D. 6736
Date 24.5.35

May 24,

35.

Sir,

In reply to your letter No. 1791 dated May 20, 1935, I have the honour to inform you that there is nothing in Police records against Mrs. Wiera Lutewicz, a Polish citizen, who has applied to your Consulate for a visé to the Netherlands Indies.

I have the honour to be,

Sir,

Your obedient servant,

Signed: (J. P. Stevens)

Deputy Commissioner (Special Branch)

J. Van den Berg Esq.,

Netherlands Consulate - General,

Shanghai.

FM. 2
G. 40,000.1

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE

File No. 6737

C.S.6, Special Branch, ~~Station~~ 1-35

REPORT

Date May 24, 1935.

Subject re. Karl HALUSA.

Made by D.S.I. Coyne.

Forwarded by *B.B. Lowrest. D-2*

Sir,

I have to report that enquiries have been made concerning Karl HALUSA, who arrived at Shanghai aboard the s.s. "Suwa Maru" on May 1, 1935 from Europe.

According to a statement made by Halusa on his arrival he intended remaining in China for 2 years with the object of making a study of Chinese music. He named as references Professor Tandler, Shanghai University, and Professor Strassl, Nanking National Central University.

* 4. 5741

There is nothing known against this person either from a political or moral point of view.

J. Bogu.
D. S. I.

D. C. (Special Branch).

J Mr Yao, Please prepare reply in accordance with above report.

J.H.G.
25 MAY 1935

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.
TEL. AD. HOLLANDIA.

No.1792.

SHANGHAI.

20 May 1935.

RECEIVED

6737

22 5 1935

Sir,

I have the honour to inform you that I received an application to-day for a visé for admission into the Netherlands Indies from the following person :

Karl HALUSA, a band conductor, born at Brunn, Austria, 14 July 1906, residing at 1094 Avenue Road, an Austrian citizen, holder of a passport issued at Vienna, on 7 March 1935, Serie A, No.579.549, valid until 7 March 1937.

Halusa states that he arrived only three weeks ago in Shanghai from Austria and that he received an invitation by letter from Dr.Meuleman, who is a physician of Netherlands nationality and in Netherlands government service, to visit Java.

Dr.Meuleman is residing at 23 Palmenlaan, Batavia, but will move on the 1st June to the "Centrale Burgerlijke Zieken inrichting" a hospital at Semarang, Java.

I should be much obliged if you could let me know whether there is anything against the above person from a political or moral point of view.

I have the honour to be,

Sir,

Your obedient servant,

[Signature]
Chinese Secretary.

T.P.Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,

SHANGHAI.

[Initials]

C. S. G.,

For attention

please.

J.H.G.
22 MAY 1935

[Signature]
[Signature]

22/5/35

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.

No. 1688.

SHANGHAI MUNICIPAL POLICE

S. B. REGION

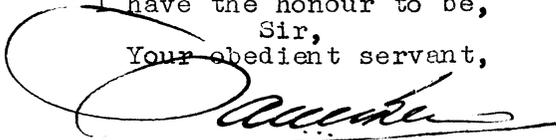
No. D. 6737

SHANGHAI, ^{29th} May 1935.

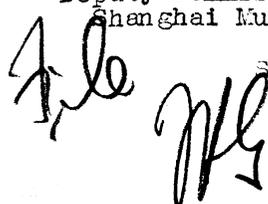
Sir,

I wish to acknowledge the receipt
of your letter No.D.6737 dated the 27th
instant regarding Karl Halusa and to
thank you for the information contained
therein.

I have the honour to be,
Sir,
Your obedient servant,


Chinese Secretary.

T.P.Givens, Esquire,
Deputy Commissioner (Special Branch),
Shanghai Municipal Police,


SHANGHAI.

S. B. I. D.

D 6738

MAY 22 5 35

Section 2, Special Branch,

May 22, 1935.

Movements of L.I. Boreiko, Soviet
Diplomatic Official

Leonid I. Boreiko, Chancellor of the
Shanghai Office of the Soviet Embassy, who arrived
in China on April 20, 1933, together with the
Soviet Ambassador, left Shanghai for Kobe on
May 11, 1935 in the s.s. "President Cleveland."

A. P. Kofin

D. S. I.

AK

D. C. (Special Branch).

Information.

*File
Jly*

MAY 23 1935

D-6742

D-6743

D-6744

FM 20
9. 40. CC

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY

SHANGHAI MUNICIPAL POLICE.

File No. D 6742

Section 2, Special Br. 35

REPORT

Date MAY 24, 1935.

Subject Anonymous letter regarding alleged communist residing in
20/299, Seymour Road.

Made by D. I. Kuh Pao-hwa. Forwarded by B. B. Everett. 20

With reference to the attached letters written in the Chinese language addressed to the Political Section and the Special Branch of the French Police and the Municipal Police respectively regarding an alleged communist residing at 20/299, Seymour Road, I have to report the following result of discreet enquiries made by the Chinese staff attached to Section 2:-

The address in question is a Chinese dwelling house situated in an alleyway on Seymour Road to the south of Nanyang Road. The tenants of the house are Ling Shien Wen (凌善文), the alleged communist, and a man named Tsang (73) who have occupied the house since April, 1934.

Ling Shien Wen, age about 30, native of Wusieh, has been an investigating officer in the employ of the Education Bureau of the Shanghai City Government for over one year and is closely associated with Mr. Pan Kung Chai, Chief of the Education Bureau. He is concurrently a member of the Executive Committee of the Third District Kuomintang Branch. He occupies the upstairs portion of the Eastern Wing of the premises while the other co-tenant named Tsang is occupying the upstairs portion of the house.

A discreet watch was kept in the vicinity of No. 20/299, Seymour Road, on May 18, 19 and 20, by Chinese detectives attached to this office but nothing of a suspicious nature was observed.

File
24 MAY 1935
Kuh Pao-hwa
D. I.
Deputy Commissioner (Special Branch).

FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai, May 17 1935.

To S2, FW attention
please. JH

Sir:
Attached is ^{17 May} ~~an~~ anonymous letter
addressed to Special
Branch reporting that
a Communist named Ling
Houen Wen, Chief of the
Youth Dept. of the Soviet
Government, residing at
No. 20 Lane 299 Seymour
Road, is planning to
create disturbances on
May 30.

JH
CA

SHANGHAI MUNICIPAL POLICE.

FILE No. REG. 1

Section 2, Special Branch

REPORT

Date May 17, 1935

Subject Anonymous letter regarding alleged communist residing in
20/299, Seymour Road.

Made by and Forwarded by D. I. Everest

I forward herewith a letter written in the Chinese language and addressed to the Political Section of the French Police, which was handed to me by Sergeant Galin at 10.30 a.m. May 17.

A translation of the letter is as follows :-

"Political Section,
French Municipal Council.

I confidentially inform you that Ling Shien Jen (凌善仁), residing at No.20, Lane 299, Seymour Road, is Chief of the Shanghai Special District Youth Department of the Soviet Government and is conspiring with juvenile workers to endeavour to start a big riot here on the 30th Inst. Please detail efficient detectives to make an investigation, and to effect a search and arrest by special methods. This affects the peace and good order of the community.

(Signed) Member of the Wanking Road Street Union."

An examination of the postal cancellation stamp on the envelope shows that the letter was posted in Shanghai on May 17.

D. I. Everest

D. I.

D.C. (Special Branch)

\$2, Please keep under observation and then decide upon action.

D. G. Kub. RAB 18/5/35

JMG
17 MAY 1935

第七號

為密報事查有任西摩路二九九弄二〇號凌雲之
為蘇維埃政府上海特別市青年部長魏勾法
青年工黨擬於本月廿日實行全市工暴動因
防嚴密清逃飭幹員用特別方法搜索偵
查密捕訊究事聞公共法委用特密報此
法二部局
政事處

南京路商界聯合會員謹啟

民國

年

月

日

SHANGHAI MUNICIPAL POLICE.

S. 2, Special Branch, ~~SECRET~~

REPORT

Date May 25, 1935

Subject F. Chestakovsky, Soviet Diplomatic Courier.

Made by D.S. Tcheremshansky. Forwarded by *A. A. Lovest. D.D.*

** See B. 5287*

Fedor Chestakovsky, 45, Soviet Diplomatic Courier, arrived in Shanghai from Moscow via Japan, on May 20, 1935 in the s.s. "President Johnson," accompanied by another courier, Nicolas Genjuzist.

Chestakovsky holds a Diplomatic Passport No. 3131 issued by the People's Commissariat of Foreign Affairs on January 23, 1935. This passport bears a Chinese visa issued by the Chinese Embassy in Moscow on April 24, 1935.

On the "Alien Declaration Form" Chestakovsky stated that after a short stay in Shanghai he would proceed to Nanking and Peiping.

D. S. Tcheremshansky
D. S.

D. C. (Special Branch).

File
J. M.

25 MAY 1935

SHANGHAI MUNICIPAL POLICE.

Section 1, Special Branch

4444, 6744

REPORT

Date *September 21, 1937*

Subject *Arrival of P. Saratovtseff, Soviet diplomatic official.*

Made by *D.S. Tchermshansky*

Forwarded by

C. Gauda D.D.

Mr. P.G. Saratovtseff, 39, First Secretary and
Chief of Press Department of the U.S.S.R. Embassy in China,
returned to Shanghai from the U.S.S.R. via Japan on September 17,
1937 in the s.s. D'Artagnan.

He is accompanied by his wife, Mrs H. Saratovtseff.

They reside at 169 Route Winling, Apart. 14.

J. Tchermshansky
D. S.

D. C. (Crime & Special Branches)

Copy sent to "D"

file DBR 219

Z02
SHANGHAI MUNICIPAL POLICE.

File No. 301
S. E. REG. NO. 6702

Section 2, Special Branch
REPORT

Date July 30, 1935.

Subject. P. Saratovtsev, Soviet diplomatic official.

Made by D.S. Tcheremshansky Forwarded by

With reference to endorsement by Deputy Commissioner (Special Branch) on the attached report, I have to state that all endeavours to obtain the description of Saratovtsev failed to produce any result.

Saratovtsev is still residing in the premises of the Soviet Consulate-General, No. 1 Whangpoo Road.

G. Tcheremshansky
D. S.

Deputy Commissioner (Special Branch)

File

JH
31 JULY 1935

FORM NO. 3
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SHANGHAI MUNICIPAL POLICE.

File No. 6744
REGISTRATION

S. 2, Special Branch,
REPORT

Date May 25, 1935

Subject P. Saratovtsev, Soviet diplomatic official.

Made by D.S. Tcherevshansky. Forwarded by B.B. General. 99

Pavel Saratovtsev, 37, reported to be a member of Soviet diplomatic staff in China, arrived in Shanghai from Moscow via Japan on May 21, 1935 in the s.s. "Sever," accompanied by his wife, Mrs. Helena Saratovtsev, 36.

He holds diplomatic passport No.3201 issued by the People's Commissariat of Foreign Affairs on April 11, 1935, at Moscow. This passport bears a visa issued by the Chinese Embassy in Moscow on April 17, 1935.

Saratovtsev gave his address as U.S.S.R. Consulate-General at Shanghai.

Tcherevshansky
D. S.

D. C. (Special Branch).

File
JH
D.S. Tcherevshansky

S2
Please endeavor
to obtain a rough description
of him.

JH
27/5/35 25 MAY 1935

S. S, Special Branch,XXXXX

May 26, 35.

P. Saratovtsev, Soviet diplomatic official.

Pavel Saratovtsev, 37, reported to be a member of Soviet diplomatic staff in China, arrived in Shanghai from Moscow via Japan on May 21, 1935 in the s.s. "Sever," accompanied by his wife, Mrs. Helena Saratovtsev, 26.

He holds diplomatic passport No.3201 issued by the People's Commissariat of Foreign Affairs on April 11, 1935, at Moscow. This passport bears a visa issued by the Chinese Embassy in Moscow on April 17, 1935.

Saratovtsev gave his address as U.S.S.R. Consulate-General at Shanghai.

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U.S. REGENCY
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SHANGHAI EVENING POST & MERCURY.

DEC 27 1989

US Court Auctions
✓ Asia Realty Stock

Mr. Nelson E. Lurton, bidding as legal representative for Messrs. F. P. Bills and G. Bourne, purchased, subject to approval, the Asia Realty Company stock (in bankruptcy) in the U.S. Court for China this morning, when he made the highest offer, \$1,745,000, in the special auction held before Dr. George Sellet, liquidator for the bankrupt concern.

The purchase remains to be legally agreed upon by the U.S. Court for China, and for this purpose a hearing will take place before Judge Milton J. Helmick in the early part of January.

Mr. N. F. Allman, acting as principal of an intending group of purchasers, and Mr. N. E. Lurton, were the only two parties taking part in this morning's auction.

Under a court order the starting price of bidding was fixed at \$1,650,000, offers being slowly raised by the two parties until the highest was reached at \$1,745,000, offered by Mr. Lurton.

CHINA PRESS.

SEP 11 1939

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Defunct Bank's Creditors To Get Dividends

Payment Of A.-O.P.C. Debts Is Scheduled To Begin Today

Beginning today, the American-Oriental Banking Corporation (in liquidation) will pay a sixth liquidation dividend, amounting to five per cent of allowed claims, to depositors and other creditors of the bank, it was announced yesterday by Mr. H. G. Nelson, Deputy Receiver of the firm.

About 5,200 checks necessary for the payment of this dividend have been prepared, amounting to approximately C.N.\$750,000. All checks are drawn on The Chase Bank, corner of Nanking and Szechuen Roads, Shanghai, and are dated September 11, 1939.

Checks for Shanghai depositors and creditors will be mailed at the rate of approximately 400 per day until all checks have been mailed. All checks for depositors and creditors of the Tientsin branch of the Bank were mailed in Shanghai yesterday. Checks for depositors and creditors in other places in China and in foreign countries will be mailed during this week.

The American-Oriental Banking Corporation paid a first dividend of 7½% to depositors and other creditors of the Bank during the month of December, 1935, a second of 10% during the month of June, 1936, a third of 5% during the month of December, 1936, a fourth of 5% during the month of May, 1937, and a fifth of 5% during the month of February, 1938, making a total, with this one, of 37½%.

The dividend now being paid may be the last, but it is possible that a further small dividend will be paid.

With reference to the liquidation proceedings of the American-Oriental Finance Corporation pending in the United States Court for China, it will be recalled that in April, 1937, the Liquidator, pursuant to court order, paid to 73 creditors whose claims had been allowed as Class "A" claims the full amount thereof after deducting 8% as claimants' share of the liquidation costs and expenses, and to creditors whose claims had been allowed as Class "B" claims a first liquidation dividend of 20% of the amounts thereof. Since then a number of disputed claims have been adjusted and additional collections have been made. It is anticipated that a further dividend will be paid to Class "B" creditors in the near future.

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Defunct U. S. Bank Declares More Dividend

A.O.B.C. To Issue 5,200 Checks To Depositors, Creditors

The American-Oriental Banking Corporation, now in liquidation, will pay a fifth liquidation dividend of five per cent to depositors and other creditors of the bank commencing today, it was announced by Mr. H. G. Nelson, law partner of Dr. George Sellett, the liquidator. Since the latter's absence in the United States, Mr. Nelson has been assisting in looking after the affairs of the liquidation.

About 5,200 checks necessary for the payment of this dividend have been prepared and the total sum to be paid out amounts to \$375,000 in local currency. All checks are drawn on the Chase Bank, now at the corner of Nanking and Szechuen Roads.

Checks for depositors and other creditors of the bank residing in the French Concession and the International Settlement of this city, excluding areas north of Soochow Creek, will be mailed at the rate of approximately 600 per day until all checks are mailed.

Checks for depositors and creditors residing in Tientsin, Peiping, Tsingtao, Hongkong and Canton as well as foreign countries, will also be mailed during the current week. Checks for depositors and creditors, residing or formerly residing in places in China other than those mentioned, will be held at the offices of the liquidator, 51 Canton Road, pending receipt of written instructions as to where delivery should be made.

Bank Closed In 1935

The American-Oriental Banking Corporation closed its doors on May 25, 1935, with only a few thousand dollars in actual cash in the vaults. Two other House of Raven firms, the American-Oriental Finance Corporation and the Raven Trust Company closed their doors at the same time, while the Asia Realty Company was forced into the hands of a trustee.

Subsequent examination of the books of the bank revealed that there was scarcely enough money in the vaults to pay salaries, let alone make a payment to depositors and other preferred creditors the sum total of whose claims amounted to about \$8,000,000.

Mr. Frank Hough, head of the R.C.A. Victor Company in China, was appointed liquidator of the three defunct concerns by Judge Milton J. Helmick, in the United States Court for China. After his death several months later following an operation in Philadelphia, Dr. Sellett, who had been acting as legal advisor to the liquidator, was ap-

pointed to that post. He also was made trustee of the Asia Realty Company, a position also held by Mr. Hough.

Fifth Payment

Shortly after the business of liquidation started, Mr. Hough paid all depositors whose deposits were less than \$50 in full for the purpose of wiping them off the books. The sum required was about \$60,000 and Mr. Hough stated that if they were kept on the books, it would take the same amount of money for salaries and other overhead costs to keep them there.

The first real dividend to all depositors and creditors was 7½ per cent and was paid in December, 1935. In June of the following year, a dividend of 10 per cent was paid. A third of 5 per cent was paid in December, 1936, and a fourth, also of five per cent, during May, 1937. The dividend due tomorrow will be the fifth. It will bring the sum total already paid out to 32½ per cent.

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Handwritten notes and signatures, including a large signature that appears to be "C. H. Hough" and some illegible scribbles.

Briton Seeks Money Lost In A.O.F.C.

Attorneys in the case of Mr. Ernest Poskitt, British, versus Dr. George Sellett, liquidator of the American-Oriental Finance Corporation, were yesterday ordered to file a stipulation of facts and briefs thereon, on which Judge Milton J. Helmick of the U.S. Court for China will render his verdict.

Mr. Poskitt seeks amounts totaling £1,121-8-7 and Ch. \$1,736.65 allegedly due him on three silver purchase contracts made for him by the A.-O.F.C. with the firm of Mocatta and Goldsmid, London. He claims that since the closure of the banking company on May 23, 1935 the London firm has remitted the above amounts to the A.-O.F.C. for his account.

He stated that verbal agreement to payment off his claim was made by the late Mr. Frank Hough, first liquidator, Mr. H. W. Wyler, manager of the defunct finance corporation and Dr. Sellett, but that on subsequent visits to each of them he was unable to obtain any action on the matter.

The amounts claimed represent margin money and profits on the contracts. The petitioner is represented by Mr. N. E. Lurton and the liquidator by Mr. H. G. Nelson.

J.P.K.

CHINA PRESS, SATURDAY, MAY 29, 1937

Claim Against Liquidator Of A.O.F.C. Heard

Silver Contract With Bank Described In U.S. Court

Hearing of a claim filed by Mr. Edward Poskit, British subject, against the liquidator of the American-Oriental Finance Corporation was begun in the United States Court for China yesterday.

The claim is for £1,121-8-7 and Ch.\$1,736.65. At the end of the morning session the hearing was adjourned until June 2 for the taking of more evidence.

The petitioner states that the above sums represent money now in the hands of the liquidator, being received from the firm of Mocatta and Goldsmid of London. The

money came from three contracts made with the American-Oriental Finance Corporation, dated April 3, 16 and 29, 1935, for 25,000 ounces of silver each. The sums stipulated in the petition continues, constitute margins deposited on Mr. Poskit's behalf by the A.O.F.C. with Mocatta and Goldsmid, plus net earnings on the three contracts.

Mr. Poskit set forth that since the closure of the finance corporation on May 23, 1935, the total amount has been paid to the liquidator by the London firm for his account. He was represented in the action by Mr. N. E. Lurton, while the liquidator was represented by Mr. H. G. Nelson.

Taking the witness stand, the petitioner said that on the day the bank closed he went to see Mr. H. W. Wyler, manager of the A.O.F.C. and was told that the contracts could not be taken up. On June 12 Mr. Poskit went to see the late Mr. Frank Hough, first liquidator, and told him that he wished to get the matter settled.

Mr. Hough talked with Dr. George Sellett, present liquidator, and Mr. Wyler in Mr. Poskit's presence, and

the latter was then told that his contracts could be taken up. The petitioner asked that this be done and that he be given a telegraphic transfer or a demand draft on London, he continued, but whenever he sought to bring the matter to a conclusion he found Mr. Hough and Mr. Wyler "too busy" to do anything about it.

As a result the contracts expired and were sold automatically.

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Depositors Of A.-O. Bank To Get Dividend

Fourth Payment Of 5
Per Cent To Be In
Mail Today

\$750 CHECKS TO BE
SENT OUT HERE

\$375,000 Being Paid;
Another Dividend Is
Forthcoming

The defunct American-Oriental Banking Corporation, in liquidation for two years, is going to pay another dividend.

According to an announcement made by Dr. George Sellett, the liquidator, yesterday afternoon, a fourth liquidation dividend of five per cent, is now ready to be paid out. In fact, the first batch of 750 checks will be placed in the mail today.

The liquidator stated that in all, 5,200 checks necessary for the payment have been prepared and that the total amount of money which will be disbursed is \$375,000, local currency.

All checks are drawn on the Chase Bank and are dated May 20. The mailing of checks for Shanghai depositors and creditors will take four or five days, it was stated.

Checks for depositors and creditors of the Tientsin Branch of the bank have already been forwarded to Tientsin and will be mailed in that city this morning.

Checks for depositors and creditors in other places in China and in foreign countries will be mailed during the present week.

The additional five per cent dividend will bring the total paid out to date to 27½ per cent. A first dividend of 7½ per cent was paid to the depositors and creditors of the bank during December, 1935. A second dividend was paid out during June, 1936, while a third dividend of five per cent was paid in December of last year.

In his statement yesterday, Dr. Sellett stated that the bank was continuing to collect money due and that another dividend will still be forthcoming.

DR

Another A.-O.B.C. Dividend

Five Per Cent. Cheques
Being Mailed To-day;
More Is Expected

The American-Oriental Banking Corporation (in liquidation) will pay a fourth liquidation dividend of five per cent. to depositors and other creditors of the Bank commencing to-day.

About 5,200 cheques necessary for the payment of this dividend have been prepared, amounting to approximately \$375,000 Chinese currency. All cheques are drawn on The Chase Bank, 80 Kiukiang Road, Shanghai, and are dated May 20, 1937. Cheques for Shanghai depositors will be mailed at the rate of approximately 750 per day commencing to-day and continuing until all cheques have been mailed. The cheques for depositors and creditors of the Tientsin Branch of the Bank are being forwarded to Tientsin and will be mailed at Tientsin to-day. Cheques for depositors and creditors in other places in China and in foreign countries will be mailed during the present week.

The liquidator, Dr. Sellett, is continuing to collect moneys owing to the Bank. The dividend which is about to be paid will not be the last, it is stated.

A first dividend of seven and one-half per cent. was paid to depositors and creditors of the Bank during the month of December, 1935, a second dividend of ten per cent. during June, 1936; and a third dividend of five per cent. during December, 1936.

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THE SHANGHAI TIMES, TUESDAY, MAY 11, 1937

JUDGMENT MADE IN RAVEN CASE

Motion For Decision By Default Brought By Bank Liquidator

A motion for judgment by default was granted in the United States Court for China yesterday by Judge Milton J. Helmick in the case of Dr. George Sellett, liquidator of the American-Oriental Banking Corporation, against Mr. Charles H. and Lillian Raven.

Through this motion the liquidator sought to sell securities pledged with the bank on a large overdraft to satisfy a petition which was entered against the defendants on September 17 last year.

The securities, it was stated in court, consist of 13,125 shares of common A in the Bakerite Company, Fed. Inc. U.S.A., which were deposited with the bank as a security on an overdraft of \$93,749.64, outstanding as of May 25, 1935, at which time the bank closed its doors.

Dr. Sellett's request was for recovery of the sum with interest at 8 per cent.

Mr. N. F. Allman appeared on behalf of the defendants and judgment was confessed.

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THE CHINA PRESS, SATURDAY, MAY 8, 1937

Ravens Sued For Creditors Of A.-O.B.C.

**\$93,749 Sought From
Brother, Sister-in-
Law Of Banker**

An action to recover for its creditors money owed to the defunct American-Oriental Banking Corporation will be heard in the United States Court for China this morning when the case of Frank L. Hough, liquidator, versus Charles H. and Lillian Raven is brought before Judge Milton J. Helmick.

Dr. George Selett, present liquidator and substitute plaintiff for the late Mr. Hough, asks a judgment for \$93,749.64 against Mr. and Mrs. Raven, brother and sister-in-law of the one-time president of the bank. The original petition in the case was filed September 17, 1936.

According to the liquidator's petition, various sums were advanced to the two defendants, and on May 25, 1935, the balance of their over-draft totaled Ch. \$93,749.64. He asks a judgment for this amount plus interest at eight per cent until the sum is paid.

It is stated that security for the loans consisted of 13,125 shares of Common "A" stock in the Bakerite Company, Fed. Inc., these having been put up on May 27, 1935. The petitioner asks that this security be sold and the proceeds applied to satisfy the judgment.

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The Shanghai Evening Post & Mercury, Monday, May 10, 1937

**Raven Suit Case
Up In U.S. Court**

An action to recover \$93,749.64 from Charles H. and Lillian Raven, who allegedly owe that amount to the American-Oriental Banking Corporation, was to be brought by Dr. George Sellett, as substitute plaintiff, in the United States Court for China this afternoon.

The petition in the case was originally filed on September 17, 1936, the liquidator of the defunct corporation claiming that various sums were advanced to the two defendants, and on May 25, 1935, the balance of their overdraft totaled the amount claimed in the law suit that was to commence this afternoon. The petitioner asks that the security of 13,125 shares of Common "A" stock in Bakerite Company, Fed. Inc., deposited by the brother and sister-in-law of the former president of the bank, be sold and the proceeds paid to satisfy the claim which is to go towards paying off creditors of the liquidated bank.

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Over One Million Dollars Is Paid A.O.F.C. Creditors

Hundreds Of Shanghai Residents Will Benefit With Cheques Already In Mail; Many Creditors Paid In Full; Class B Gets Twenty Per Cent.

Payments to the sum of about \$1,025,000 are being made to creditors of the American Oriental Finance Corporation, it was learnt here yesterday from Dr. George Sellett, the Liquidator. This will come as welcome news to hundreds of Shanghai investors who have had varying sums of money tied up in this concern, and, according to Dr. Sellett, about 85 per cent. of the money paid out will go to residents of China, especially Shanghai.

In the liquidation proceedings of the American Oriental Finance Corporation pending in the United States Court for China, Judge Milton J. Helmick entered an order on March 15 last, dealing with 958 claims of creditors. The order fixed the amount of each of these claims and placed 73 claims in Class "A" and the remainder in Class "B."

Pursuant to the terms of the order, on March 15 the Liquidator gave notice to each creditor dealt with in the order by mailing a copy of the order together with a statement showing the class and amount in which such creditor's claim was allowed.

In allowing claims of "A" Class creditors the court order provided for a deduction of eight per cent. of the amount of the claim as claimant's share of liquidation costs and expenses, which deduction, although somewhat larger than the amounts to be borne by class "B," according to Dr. Sellett, was considered equitable and just in view of the additional time and expense involved in ascertaining which claims were legally entitled to such classification.

Cheques Now Out

By the court order, creditors were given 20 days within which to file objections to the classification or amount in which their claims had been allowed. The Liquidator was ordered to make full payment of the amount allowed on Class "A"

claims and a first liquidation dividend of 20 per cent. on Class "B" Claims after the lapse of this 20-day period.

This 20-day period having elapsed, yesterday afternoon the Liquidator sent cheques by registered mail to all the claimants dealt with in the court order on March 15. The checks to "A" class claimants are full payment of the amount allowed. The cheques to "B" class claimants represent payment of a first liquidation dividend of 20 per cent. of the amount of such claims. These cheques are dated April 10, and are drawn on the Chase Bank here.

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Brown Selling Insurance In U.S.

* * * * *

Friends' Petition Secures Early Parole

* * * * *

Paroled from the federal prison at McNeill's Island after serving less than one year of his two-year sentence, J. Warner Brown, one-time Manager of the defunct American-Oriental Finance Corporation, Federal Inc. U.S.A. is now engaged in selling life insurance in the Middle Western city in the United States.

This is according to word received here by friends of Mr. Brown. In letters he has written, Mr. Brown states that he is doing quite well in life insurance and that the prospects of his being able to get a fresh start in the business world after his unhappy adventure in

Shanghai are quite bright. It was also learned yesterday that Mr. Brown's early parole was gained as the result of a petition circulated by a group of old schoolmates. These men presented the petition to the federal authorities and in it requested early parole. They were convinced, they said, that Mr. Brown was a victim of circumstances and that he really merited parole from prison.

Mr. Brown was sentenced to two years at McNeill's Island about 14 months ago by Judge Milton J. Helmick in the United States Court for China. The man, together with Mr. Frank J. Raven, former pre-

sident of the A.O.F.C., was convicted of fraud and misappropriation. Mr. Raven drew five years and The China Press learned yesterday that friends of the latter in the United States are now also engaged in attempting to obtain an early parole for him. A petition is being circulated and it is understood that it will be presented to federal officials in the near future.

The China Press was also informed yesterday that while her husband is engaged in selling life insurance, Mrs. Brown is now residing in Hollywood and on the staff of Metro-Goldwyn-Mayer. She is in the scenario department.

*Re. to DC. exam
DBR 3/1/37*



Defunct Finance Company Subject Of Court Order

Judge Helmick Approves Plan Dealing With 98
Per Cent. Of Creditors; Protest Period Of
20 Days Allowed By Proposal

In the liquidation proceedings of the American - Oriental Finance Corporation, pending in the United States Court for China, Judge Milton J. Helmick entered an Order yesterday morning which deals with 958 claims of creditors. This Order includes about 95 per cent. of the creditors and about 85 per cent. of the total amount of the claims against that Company. The Order fixes the amount of each of these claims, places 73 claims in Class "A" and the remainder in Class "B". The Order further provides that the Liquidator shall mail to each creditor dealt with in the Order a copy of the Order, together with a written statement showing the class and amount in which such creditor's claim has been allowed.

By the terms of the Order any creditor objecting to the class or amount in which such creditor's claim has been allowed may, within 20 days, file such objection in the United States Court for China together with a motion for hearing and determination of the objection. It further provides that if no objection is filed by any creditor within this period of 20 days then the Liquidator shall immediately pay to each Class "A" creditor the amount of such creditor's claim after deducting eight per cent. as claimant's share of liquidation costs and expenses, which deduction, although somewhat larger than the amounts to be borne by Class "B" claimants, is considered equitable and just in view of the additional time and expense involved in ascertaining which claims are legally entitled to such classification. The Order also

provides that at the time payment is being made to Class "A" creditors, the Liquidator shall also pay to Class "B" creditors a first dividend of 20 per cent. of the amounts of such claims.

Pursuant to the terms of the above Order, yesterday afternoon the Liquidator sent to each of the creditors dealt with in the Order, by double registered mail, a copy of the Court Order together with a statement showing the class and amount in which such creditor's claim was allowed. Shanghai creditors should receive these mailed notifications to-day.

The total amount of the claims against the Company is about \$3,850,000, Chinese currency. The Order deals with and fixes claims in various currencies in the total amount of approximately \$3,230,000. The claims placed in Class "A" total approximately U.S.\$139,000, and are for the value of securities which were wrongfully under pledge by the American-Oriental Finance Corporation at the time it suspended business on May 24, 1935.

The Liquidator now has on hand available for distribution to creditors about \$1,350,000 which monies have been collected since the liquidation began. About \$1,025,000 will be required to pay the Class "A" claims and the first dividend of 20 per cent. on the Class "B" claims dealt with by yesterday's Court Order. These payments will probably be made about April 10, 1937.

The Liquidator expects to make additional collections for payment of further dividends to Class "B" creditors.

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A.-O.F.C. CREDITORS TO GET DIVIDEND

Substantial Payment Is Promised In April By Liquidator

The following statement regarding the payment of a substantial dividend to creditors of the American-Oriental Finance Corporation was issued yesterday by Dr. George Sellett, liquidator.

On December 13, 1936, it was announced that the American-Oriental Finance Corporation (in liquidation) had collected and then had on hand about \$1,300,000, local currency, and obligations to its creditors totaled approximately \$4,000,000, local currency. A detailed analysis was then being made of the claims of creditors of the Finance Company and it was considered that the analysis would be completed before the end of February, 1937. The making of this detailed analysis has required more time than was anticipated, but it is almost completed.

It is now probable that before March 15, 1937, creditors will be informed of the manner in which it is proposed to deal with their respective claims, whereupon they will be given opportunity for filing any objections which they may have. It will be possible to make a substantial dividend distribution to all creditors of the American-Oriental Finance Corporation during April, 1937. Additional collections have been made since the announcement of last December.

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Kocherga Claim Against Liquidator Is Denied

Requirement Of Enhancement And Tracing Into Funds Held By A.-O.B.C. Receiver Said Not Fulfilled; No Segregation Made

The claim of Mr. I. M. Kocherga against the Liquidator of the American-Oriental Banking Corporation for preferred treatment in the matter of \$2,652.25, was dismissed yesterday by Judge Milton J. Helmick in the U.S. Court for China, in an opinion which stated that the requirements of enhancement of and tracing into funds held by the Liquidator had not been fulfilled.

Mr. H. G. Nelson defended the case successfully for the Liquidator (Dr. George Sellett).

Claimant was the owner of a fixed deposit receipt issued to him by the Bank of China for \$2,652.25 and payable on May, 18, 1935. On May 13, claimant gave the receipt to the American-Oriental Banking Corporation at Tientsin for collection.

It was forwarded to the Shanghai Branch, which received it on May

18, collected it and deposited it in its commercial account with the Bank of China and received credit therefor. On May 20 the Shanghai office of the A.-O.B.C. sent to its Tientsin branch a credit memorandum for the amount less its commission for collection, but the credit memorandum was not received there until the bank had closed its doors on May 23.

The proceeds of the fixed deposit did not come into the hands of the Liquidator because the A.-O.B.C. was indebted to the Bank of China in excess of the amount of its credit balance, and consequently the Bank of China used the credit balance as an offset.

In dismissing the claim, Judge Helmick rendered the following opinion, in part:

"Claimant's counsel attempts to distinguish this case from the other cases decided by this Court on the

ground that the mailing of the credit memorandum by the Shanghai office to the Tientsin branch constituted at least a constructive segregation of the proceeds of claimant's fixed deposit receipt from the other funds in the Tientsin branch, and therefore the tracing requirement was satisfied. The Court thinks this theory is untenable. Even conceding a segregation took place, there was still no enhancement of the bank's funds by reason of the collection of claimant's fixed deposit receipt, but it is clear that no segregation or ear-marking was accomplished. The Courts have been uniform in holding that segregation must be actual and physical and that a direction or instruction to ear-mark is not sufficient.

"It must be remembered that this matter is not now a controversy between the claimant and the bank. The bank is gone and the contest stands as one between the claimant and the other creditors. This is not a case wherein a claimant is suing to make a bank return the fruits of its fraud, but it is an inquiry whether this claimant is to be made whole at the expense of other creditors. In this situation the requirement of enhancement and tracing are essential to recovery of trust funds from a receiver under the decisions of the Federal Courts."

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Preferential Claimants In A.-O.B.C. Liquidation

American Express, Polish Import And Export, Two Private Cases Against Dr. Sellett Argued In Law Before U.S. Court

Argument on the law applicable to four claimants for preferential treatment from the liquidator of the American-Oriental Banking Corporation, Dr. George Sellett, was heard in the U.S. Court for China yesterday morning. Argument was generally confined to briefs already filed in the cases, Mr. H. G. Nelson representing the liquidator and Messrs. Roy Allman, J. B. Davies and Paul Kops appearing for the plaintiffs, Mr. and Mrs. R. Chambers and the American Express Company. Mr. N. E. Lurton represented the Polish Import and Export Company, while the fourth claimant Ian Kochurga, was not represented in court.

The issues in the four cases were in most respects similar. Mr. Nelson said, with the difference that the American Express Company was arguing against a demurrer to their original complaint.

In broad theory, he said, there are two types of creditors: secured creditors who have a lien on specific property, such as a mortgage, and general creditors who merely hold an action against the bank. There is really no such thing as a preferred creditor, he argued, but simply persons who through special circumstances can claim specific property in the hands of the liquidator, provided they can identify it. They are, then, really owners.

Travellers Cheques In Trust

The American Trust Company issue travellers cheques which are delivered to agents to be held in trust. In the case of the trust agreement with the A.-O.B.C. there was no mention that the proceeds from the cheques were also to be held in trust. In fact, this provision which appeared in other such contracts of the American Express Company in America, appeared to have been left out because of the different currencies involved in this city, Mr. Nelson surmised. The A.-O.B.C. paid for cheques with their own cheque on the Manufacturers' Trust of New York.

At the time the A.-O.B.C. closed there was owing to the American Company some U.S. \$12,000, cheques for which were dishonoured by the Manufacturers' Trust.

Referring to a "constructive trust" by the definition of Mr. Justice Cardozo, of the U.S. Supreme Court, that it is "a formula to enable the victim to recover from a wrongdoer," Mr. Nelson contended that even in the event the trust agreement did imply that proceeds from the cheques were to be held in trust, that trust had been negated by the conduct of the parties over a period of years. The American Express Company had acquiesced to the conduct of the bank in putting proceeds from the travellers' cheques in their general funds and using them as bank funds.

Obstructive Attitude Denied

A general denial to the contentions of Mr. Nelson were entered by attorneys for the American Express. They claimed that their petition was not as definite as might have been expected because they had been unable to procure information from the liquidator.

To this Mr. Nelson made strenuous protest. He said Mr. Kops had called many times for information and had always been obliged. He hardly saw how he could now have the temerity to suggest that the liquidator was concealing anything.

In the Chambers case it was stipulated by the liquidator that the bank was insolvent on the morning of May 21, and that the officers knew it, when Mr. Chambers deposited a cheque drawn on the National City Bank for \$11,000. The question in this case was "where are the proceeds of the cheque?"

The case of Kochurga was where a \$3,000 certificate of deposit from the Bank of China was transferred to the A.-O.B.C. to be sent to Tientsin. The bank closed before this credit could be withdrawn by Kochurga. Mr. Nelson said that because of the attitude taken by Kochurga's counsel he would not stipulate that the bank was insolvent when the certificate was deposited.

In the case of the Polish Import and Export Company a sum of \$800 was deposited with the A.-O.B.C. as security additional to the bills of lading against cargo to be paid for in London on a letter of credit for £450. The letter of credit was not issued because of the closing of the bank and plaintiffs sought recovery of the \$800.

Arguments were taken under advisement by Judge Milton J. Helmick.

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Dividend To Be Paid By A.-O. Bank

Sellett, Liquidator, Makes Report To U.S. Court

EXPENSES OF LIQUIDATION CUT

Collections Now Being Made; Dividend Date Is Uncertain

The defunct American-Oriental Banking Corporation will pay another dividend, but just how big it will be is quite a different matter.

This was quite clearly indicated in a statement of the bank's financial condition filed with the United States Court for China by Dr. George Sellett, liquidator, yesterday morning.

Pointing out that the bank has \$267,000 in local currency on hand, Dr. Sellett states: "Although it is impossible to predict the approximate total of dividends which will be paid to depositors and creditors of the bank, your liquidator is confident that further collections will be made in a substantial amount."

This statement bears out a statement made recently by Dr. Sellett to a CHINA PRESS representative that the bank will pay another dividend. The liquidator, however, continued that he could not name the amount nor the time when the dividend would be paid. In his statement yesterday, the liquidator outlined in close detail just what has happened in the way of liquidation since the bank closed its doors. The statement, which is addressed to Judge Milton J. Helmick, states:

Issues Statement

"The American-Oriental Banking Corporation, incorporated under the laws of the State of Connecticut, U.S.A., with its head office at 29 Nanking Road, Shanghai, China, failed to open for business on May 24, 1935. Pursuant to a resolution of the Board of Directors of the Bank, adopted on May 24, 1935, the bank petitioned the United States Court for China for the appointment of a liquidator. Thereupon Mr. Frank L. Hough was appointed liquidator of the bank. On June 6, 1935, he took possession and control of the books, records and property of the bank in Shanghai. Thereafter he appointed Mr. H. A. Lucker, of Tientsin, as his representative to deal with the affairs of the Tientsin Branch Office of the bank. On June 15, 1935, Mr. Lucker took possession of the books, records and property of the bank in Tientsin.

"When the bank closed the cash on (including foreign currencies) hand at its head office in Shanghai amounted to \$13,338.40. The cash on hand at the Tientsin branch office (including foreign currencies) amounted to \$54,553.97.

"According to the records of the bank, the book values of the bank's assets at the time it suspended business amounted to \$13,633,777.25 Chinese currency. At the same time its books showed liabilities to depositors and other creditors of the bank amounting to \$8,845,001.08 Chinese currency.

"When the bank suspended business the total of its depositor accounts was about 8,000, divided as follows: Shanghai head office, 6,600 accounts, of which number approximately 2,500 had balances of \$50, Chinese currency, or less; Tientsin branch office, 1,400 accounts, of which number approximately 500 had balances of \$50 or less.

350 Firms, People Indebted

"When the bank suspended business there were approximately 350 firms and individuals indebted to the bank on loans, overdrafts, acceptances, exchange contracts, bills purchased, bills discounted, and other accounts. In addition thereto the bank held promissory notes of approximately 200 firms and individuals issued in connection with motor car purchases, which promissory notes had been pledged to the bank as security for advances made by the bank to the holders of these notes.

"It was considered that the liquidation of the bank would be facilitated and the cost thereof decreased by paying in full all deposit accounts with balances equivalent to \$50, Chinese currency, or less. Accordingly, pursuant to Court order, these accounts were paid in full during the month of October, 1935. The amount required for payment in full of these 3,000 small deposit accounts was \$38,930.26. The total number of the depositor accounts of the bank was thereby reduced by approximately 37 1/2 per centum.

"After payment of these 3,000 small deposit accounts there remained approximately 5,300 depositors and creditors whose claims against the bank, after effecting set-offs and other adjustments amounted to \$7,556,479.70, of which sum \$1,582,672.08 was payable to Tientsin branch office depositors and creditors.

"Pursuant to court order during the months of December, 1935, and January, 1936, the liquidator paid a first dividend of 7 1/2 per centum to the depositors and creditors of the bank, the amount required for the payment of this dividend being \$572,780.65.

"Due to the untimely and regrettable death of Mr. Hough on April 27, 1936, it became necessary for the court to appoint another liquidator. The present liquidator was thereupon appointed to continue the liquidation of the bank.

Second Dividend Paid

"Pursuant to court order, during the month of June, 1936, the liquidator paid a second dividend of 10 per cent to the depositors and creditors of the bank, the amount required for the payment of this dividend being \$755,647.97.

"By the end of July, 1936, the total collections effected by the liquidation amounted to \$1,710,069.10.

"The disbursements made to the end of July, 1936, were as follows: Special dividend for payment in full of deposit accounts of \$50 or less, \$38,930.26; First dividend, \$572,780.65; second dividend, \$755,647.97; liquidation expenses, including salaries, miscellaneous and expense items, \$118,539.85 and payment for recovery of re-mortgaged land, \$45,296.56.

"At the end of July, 1936, the cash on hand, after making allowance for dividend checks outstanding was \$185,373.79.

"The foregoing statement of the affairs of the liquidation does not take into account small cash balances retained at the Tientsin branch office of the bank, and disbursements by the Tientsin branch office for Tientsin liquidation expenses which have averaged approximately \$700 per month. All dividend disbursements for the head office and branch office of the bank were made by the head office, excepting \$6,500, paid by the branch on 500 small deposits of that office.

Liquidation Costs Reduced

"The expenses incurred during the month of July, 1936, for liquidation staff salaries, rent, taxes, light, telephones, etc., amounted to approximately \$2,950, Chinese currency, which expenses have since been somewhat reduced.

"Collections made during the months of August and September, 1936, totaled approximately \$100,000. Cash on hand at the end of September, 1936, after deducting reserves for dividend checks issued but not yet presented for payment, amounted to approximately \$267,000.

"Although it is impossible to predict the approximate total of dividends which will be paid to depositors and creditors of the bank, your liquidator is confident that further collections will be effected in a substantial amount."

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AOBC Collection Work Continues

Sellett Makes Report On Bank Liquidation; Dividend Unsure

While it is impossible to predict the total amount of dividends to be paid out to depositors and creditors of the now defunct American-Oriental Banking Corporation, Dr. George Sellett, liquidator, is confident that more collections will be effected in substantial amounts. This belief was expressed this morning when Dr. Sellett submitted a detailed report to Judge Milton J. Helmick of the U. S. Court for China on the progress of the liquidation and development of affairs since the bank failed on May 24, 1935. The report submitted today traces the history of the involved financial transactions by the liquidator since he took over the work. There is no surety of another dividend being paid beyond the statement that more collections are expected.

Liabilities And Assets

Mr. Frank L. Hough was appointed liquidator and began his work on June 6, 1935. When the banking corporation closed, it had \$13,358.49 cash on hand in Shanghai and \$54,553.97 in Tientsin. Its book assets were said to be \$19,633,777.25, and its liabilities were \$8,846,001.08.

At that time there were 3007 depositors, 6600 of whom were in Shanghai. Of these, 2500 had deposits of \$50 or less. There were 250 firms and individuals indebted to the corporation.

Small Depositors Paid

In October, 1935, the liquidator paid the small depositors (those with \$50 or less) in full, disbursement total being \$38,930.23. After this payment, claims left totalled \$7,556,479.70.

In December, 1935, and January, 1936, a first dividend was paid on these claims of seven and one half per cent, total disbursement being \$572,780.65.

Mr. Hough, liquidator, died on April 27, of this year, and Dr. Sellett was appointed liquidator in his place.

Last June a second dividend of 10 per cent was paid, totalling \$755,647.97.

Collected \$1,710,069.10

At the end of July, collections totalled \$1,710,069.10. Besides the first payment and the two dividends, the liquidation process itself had cost \$118,539.85, and the cost of recovering mortgaged land had been \$45,296.56. On July 31, the cash on hand amounted to \$185,373.79.

Liquidation expenses in July amounted to \$2950. Collections made during August and September were \$100,000. On September 30, the cash on hand was \$267,000.

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American Express Suit Against Sellett Delayed

Action Against Liquidator Of A.-O.B.C. Comes Up Oct. 9

The suit of the American Express Company against Dr. George Sellett, liquidator of the defunct American-Oriental Banking Corporation, was laid over yesterday to October 9 at 10 o'clock in the morning in the United States Court.

Another case held over yesterday was the suit in which Palmer and Turner sought to secure \$712.03 back payment for rent from Mr. C. J. Lemcke.

Mr. N. F. Allman and Mr. Roy Allman, attorneys for the plaintiff and the defendant, respectively, presented preliminary arguments yesterday on this suit which was filed in September of last year.

Since the filing of the case, Mr. Lemcke signed promissory notes covering the balance due, according to testimony before the court. The notes, although past due, have not yet been paid, the representative of Palmer and Turner testified.

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THE NORTH-CHINA DAILY NEWS, THURSDAY, OCTOBER 1, 1936

A-O. BANK LIQUIDATION

Statement Wanted

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR,—With reference to recent information regarding A.-O. Bank Liquidator's filing statement of liquidation with U.S. Consular Court for China, it will be interesting to know if it will be published by local press.

It is extremely regrettable to draw the attention of authorities concerned, but since the A.-O. Bank has been in liquidation for the past 16 months, depositors are by all means entitled

to know the present position of collections made as well as future prospects of disbursements.

Furthermore, it will be also interesting to know what arrangements are being made in connection with the recovery of amounts due to A.-O. Bank from companies still in existence.

The writer is not an American or familiar with American Law, but still is of opinion that every depositor or creditor nevertheless remains the lawful owner of amounts due from Bankrupt Bank, therefore there is no reason whatsoever why we should be refused such information by liquidators at least once in a whilst on at regular intervals.

DEPOSITOR.

Shanghai, Sept. 30.

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Ravens Admit Owing Money To A. O. B. C.

Enter Confessions Of Judgment In U. S. Court For China

Confessions of judgment admitting outstanding loans from the defunct American-Oriental Banking Corporation were entered in four of the Raven cases which were scheduled for hearing yesterday in the United States Court.

In the fifth case, a civil action against Mr. Charles Raven and Mrs. Lillian S. Raven, the hearing scheduled for yesterday was continued until a later date.

These five civil suits were filed last year against members of the Raven family by the late Mr. Frank L. Hough, originally appointed liquidator of the bank, to recover funds borrowed from the bank. These loans total \$300,000.

The four actions, in which confessions of judgment were entered are against Mr. Walter Raven, former cashier of the bank; and three actions against Mr. Charles Raven, who is head of the Bakerite Company.

The five actions may come up for hearing next month, according to Mr. H. G. Nelson, attorney for the plaintiff.

The report on the progress of the liquidation of the American-Oriental Banking Corporation is now being completed by Dr. George Sellett, liquidator, and will be filed in the United States Court shortly. It was also announced yesterday.

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A.-O. FINANCE CORP.

Information Wanted

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR,—For some months after the closing of the American-Oriental Banking Corp. and affiliated companies there appeared reports in the press, from time to time, regarding the progress of the liquidation. It is now some considerable time since anything of this nature has appeared and creditors do not find this continued silence at all encouraging. Letters addressed to the liquidator remain unanswered.

I understand that A.-O. Bank depositors have received 17½ per cent. in dividends, but as a depositor in the A.-O. Finance Corp. I have received nothing.

Could not the liquidator issue some statement as to when we may expect to receive a dividend?

UNFORTUNATE INVESTOR.

Shanghai, Aug. 22.

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Police Withdraw Appeal In Julius Kleffel Case

Prosecutor States Action Taken In Order To Save Court's Time; Preliminary Hearing Of The Defendant's Appeal Brought To Close

Bursting as a bombshell on the audience and police present, but being taken in a very calm manner by the defendant and his counsel, came the announcement in the Second Branch of Kiangsu Higher Court yesterday morning that the Municipal Advocate's office had decided to withdraw their appeal against the decision of the lower court in acquitting Mr. Julius Kleffel, German, former general manager and vice-president of the now defunct American-Oriental Banking Cor-

poration; on charges of fraud and misappropriation.

At the end of March last, Mr. Kleffel, was found guilty by Judge Dzien in the First Special District Court on a charge of breach of confidence and was sentenced to six months' imprisonment as well as being fined \$1,000 and ordered to pay back to one of the complainants the sum of \$20,000.

Immediately after Mr. Kleffel was convicted on a charge of breach of confidence in the lower court, and acquitted on charges of fraud and misappropriation arising out of the disappearance of \$32,000 from the safe-keeping vaults of the American-Oriental Banking Corporation when it closed its doors on May 24, last year, Mr. Kleffel's attorneys announced that they would file an appeal against the conviction of their client. When an appeal was filed on behalf of Mr. Kleffel, the police also filed an appeal against the decision of the lower tribunal in acquitting the former general manager and vice-president of the now defunct bank on charges of fraud and breach of confidence.

Many Adjournments

The appeal hearing was postponed time and again, due to illness of the presiding judge, illness of the accused and many other difficulties. Yesterday the preliminary examination of the appeal was concluded and Judge Kyang announced that he would set a date for the trial of the case. As during the trial in the lower court, Mr. Kleffel is still out on a cash bail of \$20,000.

At the opening of the hearing yesterday Assistant Municipal Advocate Paul Y. Ru informed the court that the prosecution had decided to withdraw their appeal. He pointed out to the judge that the accused, Mr. Kleffel, had filed an appeal first, and then an appeal was filed by the prosecution. Mr. Ru went on to say that the prosecution was now of the opinion that the case had taken a long, long time to hear and in order to save the court's time, the prosecution would withdraw the appeal.

Although the announcement came as surprise to almost everyone present, neither Mr. Kleffel nor his counsel, Dr. A. Grossman, Dr. O. Fischer and Dr. Chen were surprised, apparently expecting the announcement.

New Judge

With a new judge sitting on the case, a major portion of the evidence was gone over yesterday morning. It was alleged by witnesses for the prosecution, former employees of the bank, that instructions to transfer both the Young and Eppert accounts from safe-keeping to call-deposit had been given by Mr. Kleffel. The accused branded these statements as a lie and pointed out that the employee was an educated man and would have asked him to sign an instruction on such a matter.

Mr. Kleffel was quizzed by the judge yesterday as to why he signed a letter of recommendation for one of the employees of the bank as he apparently thought that there was some irregularity in his department. Mr. Kleffel replied that everyone made mistakes and that he did not want to handicap the man in his future connections.

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Lengthy Legal Fight Predicted Over Kleffel

**Former A.O.B.C. Man-
ager Hopes To Stay
Out Of Jail**

The long-drawn-out legal battle to keep Mr. Julius Kleffel, former Manager of the defunct American-Oriental Bank, out of Ward Road Jail, will continue for some time to come. It appears that the hearings before Judge Kyang in the 2nd Kiangsu High Court during the past three months have been only a preliminary investigation and that now Mr. Kleffel will go before a full court of three judges for his trial on appeal.

Mr. Kleffel was convicted early last spring of breach of confidence in connection with two amounts of money missing from the safe-keeping deposit vault after the A.-O.B.C. closed its doors in May, 1935. The ex-bank manager was charged with misappropriation, fraud and breach of confidence. The two amounts involved were for \$20,000 and \$12,000.

The First Special District Court decreed that the banker was guilty of breach of confidence, but was freed of the other two charges. He was sentenced to six months in jail and ordered to pay the sum of \$20,000 back to the man who placed it in the bank for safe-keeping, Mr. Henry Young, a Chinese.

Mr. Kleffel appealed to the 2nd Kiangsu High Court against the decision while the Shanghai Municipal Police who prosecuted the case, appealed against the failure of the lower court to convict on the charges of fraud and misappropriation. Yesterday morning when the case came up for hearing in the High Court, Mr. Paul Y. Ru, Assistant Municipal Advocate, announced that the police had withdrawn their appeal.

The hearing yesterday morning was short. A few details in connection with the case were reviewed again and then the court announced that the preliminary investigation as far as the appeal tribunal was concerned had been completed. The case was then remanded for trial before a full court. It was stated that the date would be announced later.

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Police Withdraw Kleffel Appeal

Case Confined Now To Deposits By Epport, Young In A.-O.B.C.

The Shanghai Municipal Police this morning withdrew their appeal case against Mr. Julius Kleffel, German, former manager of the defunct American-Oriental Banking Corporation.

The appeal had arisen out of Kleffel's acquittal a few months ago on charges of fraud, misappropriation and breach of confidence in connection with \$32,000 that was missing from the safe-keeping vault after the bank closed its doors on May 23, 1935. The First Special District Court, which handed down the acquittal, however, sentenced Mr. Kleffel to six months' imprisonment for breach of confidence. Kleffel then filed appeal and the police filed their counter-appeal.

New Judge

The case which has dragged on for many weeks in the 2nd Kiangsu High Court, will now be confined to the Epport and Young transactions in which deposits made by the two men were allegedly transferred without authority from safe-keeping to call account.

Judge Tsung, who has been hearing the case all along, has been transferred to the lower court and a new judge listened to evidence this morning.

Witness Heard

The hearing this morning was featured by the calling of a new witness, Dsa Pu, former employee of the bank engaged in the Savings Department, who denied the contention of Tsu, clerk and witness for the prosecution, that he had given him (Dsa) the receipts for the accounts of Young and Epport. An argument took place at this point and Wong, the comradore of the bank, was questioned by the judge in an effort to clear up certain contradictions between the two witnesses.

Another bone of contention between the defence and prosecution rose out of a letter which Mrs. Kleffel wrote to Wong thanking him for his services to her husband. This letter was written before the bank closed. Kleffel claimed that at the time the letter was written everyone thought Wong was an honest man and that nobody knew anything about the Young and Epport transactions.

Honest Mistakes

The judge questioned Kleffel about the certificate he gave to Tsu when the bank closed. Kleffel said that he gave this certification of good conduct to Tsu because at that time he was convinced that the mistakes that had been made in the Epport and Young transactions were honest mistakes and therefore he did not hesitate to recommend Tsu because he did not want to spoil his future.

No definite date has been set for the next court resumption of the case.

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THE NORTH-CHINA DAILY NEWS, WEDNESDAY, ~~JUNE 10, 1936~~

A.-O. Bank Paying Second Dividend To Its Creditors

Cheques for 10 Per Cent.
Now in the Post

**APPROXIMATELY \$725,000
FOR DISTRIBUTION**

Early last month it was announced that the American-Oriental Banking Corporation (in liquidation) would pay a second liquidation dividend of 10 per cent. to depositors and other creditors of the Bank about June 15. About 5,000 cheques, necessary for the payment of this dividend, now have been prepared, amounting to approximately \$725,000 in Chinese currency. All the cheques are drawn on the Chase Bank, 80 Kiukiang Road, Shanghai, and are dated June 10, 1936. To avoid unnecessary burden upon the staff of the Chase Bank, the cheques for Shanghai depositors and creditors will be sent by post at the rate of approximately 500 per day, commencing to-day, and continuing until all have been despatched.

The cheques for depositors and creditors of the Tientsin branch of the Bank already have been forwarded to Tientsin and are to be posted at Tientsin this afternoon. Cheques for depositors and creditors in other places in China and in foreign countries also have been posted.

A first dividend of 7½ per cent. was paid to depositors and creditors of Bank during the month of December, 1935.

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'Dick' Wong Declared Guilty Of Embezzlement At Kleffel Trial

Sellett Testimony Supports Charge Compradore Of A.-O. B. C. Misappropriated Funds; Lawyers, Judge In Squabble

Further testimony pointing to the alleged misappropriation and embezzlement of "Dick" Wong, compradore of the defunct American-Oriental Banking Corporation, was given by Dr. George Sellett, former United States District Attorney, in the 2nd Kiangsu High Court during the hearing yesterday of the appeal case of Julius Kleffel, former manager of the bank.

Kleffel was sentenced to a six-month prison term for breach of confidence in connection with the disappearance of \$20,000 belong to Mr. Henry Young, a Chinese, and \$12,000 belong to Mr. M. M. Eppert, Russian. Both these amounts were

committed to the bank's safe-keeping.

Says Wong Guilty

Highlights of Dr. Sellett's testimony on the stand were:

1. That he is satisfied both as a lawyer and as a liquidator that the Municipal Advocate's office has enough information to convince any reasonable man that Wong was guilty of criminal action in the Young transaction and that he had embezzled \$100,000 belong to the bank.

2. That he was informed that the Municipal Advocate, Mr. R. T. Bryan, and his assistant, Mr. Paul Y. Ru, had guaranteed Tsu Yu-soong, a clerk in charge of the trust department of the bank, that he

would not be criminally prosecuted. This information was given by Tsu during a conversation at Dr. Sellett's office.

3. That he could not learn from the accounts of Eppert and Young tending to show that Kleffel was guilty of criminal action in those cases.

Yesterday's hearing was marked by repeated sharp verbal clashes between the Assistant Municipal Advocate T. S. Lea and the defending lawyers.

At one point in the hearing the session was temporarily held up when all the three defense attorneys started to heckle Assistant Municipal Advocate Lea who was alleged to be interrupting the testimony of Dr. Sellett.

The temporary tie-up was started when Dr. Chen Ding-sal brought out that Mr. Bryan and Mr. Ru had allegedly promised Tsu Yu-soong the clerk in charge of the bank's trust department, that if he should implicate Kleffel in his testimony no criminal prosecution would be filed against him.

Lawyers Wrangle

Judge Tsoong called Dr. Sellett back to the stand and questioned him on this point. Mr. Lea jumped up and started to say something. He was interrupted by defense Lawyer Chen, followed by Dr. A. Grossmann and Dr. O. Fischer, both for the defense.

Waving their hands, Dr. Grossmann and Dr. Fischer yelled heatedly at the top of their voices that Mr. Lea was attempting to interrupt the witness. In the meantime, someone advised Dr. Sellett to continue, which he did. By this time the Court was turned into a bedlam of angry noises, the judge

Mr. "Dick" Wong, called to the stand, told how Mr. Henry Young had approached him with \$20,000 in banknotes and asked him to have the money converted into silver for safe-keeping in the trust department. Wong stated that he went to Kleffel who told him to advise Young to put the money in call deposit as the bank was in a bad state.

When Young refused to do this, Wong said he again went to Kleffel who approved the receipt of the money for safe-keeping. He denied having knowledge of the conversion of the money from safe-keeping to call deposit until after the bank closed.

Clerk Never Saw Money

Tsu Yu-soong, clerk in charge of the bank's safe-keeping department was called to testify next. He told the Court that he was asked to sign the receipt but actually he had never seen the money.

Questioned by the judge if this procedure was unlawful, Tsu said that many unlawful things were done in the bank.

He told the Court that he referred the Young transaction to Mr. Walter Raven who approved the procedure. In the Eppert deal, Tsu said he asked Kleffel who instructed him to follow the same methods as the Young case.

It was at this point that Mr. Chen, lawyer for the defense, wanted the judge to question Tsu whether he had an understanding with Mr. Bryan and Mr. Ru that if he implicated Kleffel there would be no criminal suit against him.

Earlier in the hearing, Dr. Sellett in his testimony was repeatedly over-ruled by Judge Tsoong who considered all points which implicated "Dick" Wong as irrelevant.

This was objected to by the defense attorneys who claimed that Wong's testimony in Kleffel's trial was instrumental to the conviction. They contended that anything to prove that Wong was not to be trusted and anything that can be proved against him was material to the case.

Mr. Chen, defense lawyer, told the Court that evidence pointing to Wong's guilt had been placed in the hands of the Municipal Advocate's office. This remark brought Assistant Municipal Advocate T. S. Lea to his feet. He said that the police had often asked Dr. Sellett for evidence but that the former district attorney had always said he was busy.

It was at this point, in refuting the statement made by Mr. Lea, that Dr. Sellett averred that enough evidence is in the hands of the police to make a case against Wong.

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Sellett On Stand In Kleffel Case

AOBC Compradore Loan Cash And Used Funds For Own Factory

Dr. George Sellett, prominent American lawyer who prosecuted the case against Frank Raven and J. Warner Brown after the collapse of the American-Oriental Bank last year, appeared in the 2nd Kiangsu High Court this morning as a witness in the appeal case brought by Mr. Julius Kleffel, German, former manager of the A.O.B.C., against the decision of the First Special District Court sentencing him to six months' imprisonment for breach of confidence.

During the testimony of Dr. Sellett, who was concerned mostly with giving details of the transactions involved in the deposits of Mr. Henry Young and Mr. Eppart, it was brought out that the compradore of the bank had arranged to raise money and to borrow money in order that the native banks might show a credit balance. It was also brought out that the compradore of the A.O.B.C. had loaned money to employees and had used \$50,000 for a lock factory which was the compradore's own property.

German Official Sits In

A great deal of interest was created in the courtroom when Dr. Kempe, vice-consul and chief of the legal department of the German Consulate, came to listen to the case.

Dr. Sellett began his testimony with details of the Henry Young account. He said that on April 8, 1935, Mr. Young had deposited \$20,000 in notes in the bank for safe keeping. If the ordinary procedure had been followed this amount would have been converted by the compradore into silver and put into the safe keeping vault.

A receipt was given to Young signed by Tsu and Raven. The

compradore, however, did not convert the deposit into silver, but obtained the \$20,000 and booked it as a gold deposit, thereby increasing the account.

Not Signed By Raven

In the safe-keeping vault the gold deposit receipt was placed under the name of Henry Young, this receipt was signed by Tsu and Feingold, but not by Raven.

Concerning the Eppart transaction, the witness said that the same procedure had been followed, except that no actual money had been paid into the bank, but a check drawn on the bank, and instructions given to convert the \$12,000 into silver and the amount put into safekeeping stock.

If the proper procedure had been followed, the compradore would have to use from the amount "cash due from compradore" \$12,000, decreasing the balance of the account thereby. This was not done, but the same procedure as in the Young transaction was followed.

Questions Put

At the conclusion of Dr. Sellett's testimony, the judge asked Kleffel if he had any questions to ask the witness. Kleffel replied that his lawyers had several questions to ask the witness.

Dr. A. Grossman started to question Dr. Sellett. The judge advised counsel to ask only those questions which were necessary.

Four or five questions which Dr. Grossman asked were not allowed to be answered. The tendency of all these questions was to show that Dr. Sellett had filed complaint with the Municipal Advocate against the compradore of the bank concerning the nature of the account "cash due from compradore." The judge considered that these questions were immaterial.

Motion Overruled

A motion by Dr. Grossman that the correspondence between Dr. Sellett and the Municipal Advocate be disclosed was overruled.

Dr. Fisher, lawyer for defence, questioned the witness whether he had had conversations with the compradore concerning indebtedness. Dr. Sellett disclosed that the compradore had admitted in the presence of Mr. Gill, Dr. Sellett and his secretary, and the counsel of the compradore, that on December 31, 1934, the date on which the "cash due from compradore" was audited for the last time, he had arranged to raise some money and to borrow money in order to have native banks show credit balances in conformity with the books of the A.O.B.C. This practice was always followed on the date of audit.

Police Accused

Dr. Sellett also disclosed that the compradore confessed to having used bank funds to give several loans to employees of the bank and the different Raven companies. He also confessed to having used \$50,000 for a lock factory which is the compradore's own property.

At this point, Municipal Advocate Paul Y. Ru jumped to his feet and said the testimony was irrelevant.

Strong exceptions were made by counsel for the defence. It was alleged that these facts were very important to the defence and it was stated that the "police have not done their duty."

The hearing was then adjourned sine die.

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Fresh Request For Sellett As Witness Made

Attorneys For Kleffel At Appeal Hearing Ask Appearance

A fresh request to call Dr. George Sellett, liquidator of the defunct American-Oriental Banking Corporation, to appear as witness for the defense was made in the 2nd Kiangsu High Court yesterday at the second hearing of the appeal case brought by Mr. Julius Kleffel, former Manager of the Bank, against his conviction on a charge of breach of confidence rendered in the First Special District Court early in March.

The same request was made at the first appeal hearing held one week ago but Dr. Sellett was not summoned. Attorneys for Mr. Kleffel pressed the matter yesterday, maintaining that the liquidator could give evidence that might help to free Mr. Kleffel, who is now facing a six-month jail sentence.

Mr. Kleffel was originally tried on charges of fraud, misappropriation and breach of confidence in connection with the disappearance of \$20,000 belonging to Mr. Henry Young, Chinese, and \$12,000, the property of Mr. M. M. Eppert, Russian, from the safe-keeping vaults of the bank. He was acquitted of fraud and misappropriation.

Walter Raven Testifies

Yesterday's session, which lasted throughout the morning, was featured by testimony given by Mr. Walter Raven, former Assistant Manager of the Bank, and a verbal battle between the prosecution and defense lawyers, with Dr. A. Crossman, as Kleffel attorney, playing a leading role.

Asked who gave the order transferring Mr. Young's safe-keeping account to call deposit, Mr. Raven declared that "it looks as if Mr. Tsu did so. I did not know that the money had been transferred to call deposit until I was told so in Mr. Bryan's office." The Mr. Tsu referred to is Mr. Tsu U-soong, former A.-O.B.C. clerk.

Mr. Raven continued that he could only surmise as to what Tsu had to gain by making such a transfer. "Mr. Kleffel, just before the bank closed, kept asking Wong (the bank comprador) to withdraw the money of the A.-O.B.C. from the native banks," the witness declared. "If Tsu owed Wong money, he might give the order for transfer, and then the pressure from Kleffel on Wong would be reduced. With cash on hand, the pressure would be less and less."

The witness then recalled that Wong had made the statement in both Mr. Kleffel's and his presence that the Young matter had been taken care of. This was before the bank closed. Continuing, he began to point out alleged mistakes in the transcriptions of his testimony made during the Kleffel trial in the lower court. He was interrupted by the court. The latter pointed out that

the matter was irrelevant and had no bearing on the case.

Attorneys Blacker

At this juncture, the defense lawyers rose to their feet and protested. Mr. Paul Y. Ru, Assistant Municipal Advocate, also arose and advised the attorneys to sit down. There was considerable loud legal by-play and after order returned, the court asked Mr. Raven how much money he owed the A.-O.B.C. He stated that he owed U.S.\$600 and \$30,000 in Shanghai currency. He further testified that he had not signed Mr. Young's safe-keeping deposit slip. He added that he had never examined the account since there were more than 2,000 accounts in the bank and that he, nor any other one man, could possibly examine them all.

Mr. L. Feingold, former cashier of the bank, who gave testimony regarding the routine of the concern in the lower court, repeated this same testimony before the High Court yesterday. At the conclusion of the session, the hearing was adjourned until May 23.

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The Shanghai Evening Post & Mercury, Saturday, May 2, 1936, (1).

**Deadline In Raven
Appeal Passes, No
Word From America**

With the deadline for perfecting his appeal passed today, and no word received from America, it is believed in Shanghai that Mr. Frank Jay Raven, convicted by the United States Court for China in connection with collapse of the American-Oriental Banking Corporation and allied interests, has not carried his case to a higher tribunal.

At the office of the U.S. District Attorney here no news had come in by noon, and it is thought that Mr. Raven has given up his original intention of making an appeal to the Court at San Francisco, as he said he would at the conclusion of his dramatic trial here during the month of January.

Mr. John Warner Brown, convicted on similar charges of fraud, theft and embezzlement also filed an appeal, but withdrew it before the two men were deported the latter part of February to the penitentiary on McNeill's Island, in the State of Washington. Mr. Brown's term was for two years.

Jul
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A.-O. Bank To Pay 10% On June 15

**Dr. George Sellett Is
Named Liquidator
Of Raven Group**

**IS ALSO TRUSTEE
OF ASIA REALTY**

**To Post Bonds Total-
ing U.S.\$110,000
With Court**

"We have continued to collect moneys owing to American-Oriental Banking Corporation and will pay a 10 per cent dividend to the depositors and other creditors of the bank about June 15, 1936," Dr. George Sellett, newly appointed liquidator of the defunct Raven financial institutions and trustee of the Asia Realty Company, told newspapermen yesterday afternoon.

Dr. Sellett was named liquidator to succeed the late Mr. Frank Hough by Judge Milton J. Helmick in the United States Court for China yesterday morning. He will be required to post a bond of U.S.\$60,000 for the faithful performance of his duties in connection with the task of liquidator and a bond of U.S.\$50,000 as trustee of the Asia Realty Company.

Four orders were issued by Judge Helmick, three making Dr. Sellett liquidator of the American-Oriental Bank, the Raven Trust Company and the American-Oriental Finance Corporation, and the fourth made him the ARCO trustee. The three orders were exactly alike in phraseology. They stated: "It appearing to the Court that owing to the lamentable death of Frank L. Hough there is no liquidator herein, wherefore, it is ordered, adjudged and decreed that George Sellett be and he hereby is appointed Liquidator."

The Asia Realty order stated that he "shall in his discretion continue to manage and operate the business" in the same manner as it has heretofore been conducted by the officers and directors.

Dr. Sellett's statement, issued after his appointment, follows in full:

"Mr. Hough's task of liquidating these companies was most difficult. The ability and the exemplary courage and impartiality with which he dealt with the numerous complicated problems of the liquidation have in a very large measure simplified the work of completing the liquidation of the companies. We have continued to collect moneys owing to the Bank and will pay a 10 per cent dividend to the depositors and other creditors of the Bank about June 15, 1936.

"We are unable at this time to announce a date for payment of a dividend to creditors of the American-Oriental Finance Corporation but hope to be able to make an announcement within the reasonably near future. Upon the suspension of business of the Raven Trust Company the assets of the Trust Company were of almost no value.

"Very little money has been collected for the Trust Company and it is probable that there will be nothing available for distribution among the general creditors of the Trust Company. Our efforts are being directed toward effecting the collection of all collectable moneys owing to the Bank, the Finance Company and the Trust Company before the end of the year 1936, for payment of further dividends and with a view to finally winding up the companies early in 1937.

"Asia Realty Company has been very economically managed under the trusteeship and we believe that the secured and other creditors of the Realty Company are better protected than they were immediately before the Realty Company went into trusteeship. The value of the interests of unsecured creditors of the Realty Company will depend upon Shanghai real estate values. Whether the Realty Company will be reorganized is at the moment undetermined."

Handwritten initials: J.L. and A.B.

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Sellett Appointed AOBC Liquidator

Former U.S. Attorney Named To Fill Hough Place By Helmick

Dr. George Sellett, local American attorney who was recently special assistant to the prosecution in the Raven trial, was appointed liquidator of the American-Oriental Banking Corporation and allied interests today by Judge Milton J. Helmick in the United States Court for China. Succeeding the late Mr. Frank L. Hough, who died in Philadelphia last Monday, Mr. Sellett will be required to file a bond of U.S.\$60,000, for the faithful performance of his duties.

Four separate orders were made this morning by Judge Helmick, including appointment of Dr. Sellett as trustee of the entire estate of the Asia Realty Company, Fed. Inc., U.S.A., a debtor corporation. In connection with this firm it was ordered that he "shall in his discretion continue to manage and operate the business" in the same manner and to the same extent as it has heretofore been conducted by the officers and directors. The bond in this case was U.S.\$5,000.

Bond Is High

The other three orders, which were alike in phraseology, began: "It appearing to the Court that owing to the lamentable death of Frank L. Hough there is no liquidator herein, wherefore, it is ordered, adjudged and decreed that George Sellett be and he hereby is appointed Liquidator.

"For the position as liquidator of the American-Oriental Banking Corporation a bond of U.S.\$25,000 has to be posted, and U.S.\$15,000 each must be put up for the American-Oriental Finance Corporation and the Raven Trust Company.

Mr. Sellett, when informed of his appointments this morning, made the following statement:

"Mr. Hough's task of liquidating these companies was most difficult. The ability and the exemplary courage and impartiality with which he dealt with the numerous complicated problems of the liquidation have in a very large measure simplified the work of completing the liquidation of the companies.

Collectors And Payments

"We have continued to collect moneys owing to the bank and will pay a 10 per cent dividend to the depositors and other creditors of the bank about June 15, 1936. We are unable at this time to announce a date for payment of a dividend to creditors of the American-Oriental Finance Corporation but hope to be able to make an announcement within the reasonably near future.

"Upon the suspension of business of the Raven Trust Company the assets of the trust company were of almost no value. Very little money has been collected for the trust company and it is probable that there will be nothing available for distribution among the general creditors of the trust company.

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Successor To Hough To Be Known Soon

Helmick To Name New
Bank Liquidator
Fri. Or Sat.

Successor to the late Mr. Frank L. Hough, liquidator of the defunct American-Oriental Banking Corporation and other Raven financial concerns, will be named either Friday or Saturday by Judge Milton J. Helmick, of the United States Court for China, it was learned yesterday.

In the meantime, Dr. George Sellett, who took over the task of handling the affairs of the bank after Mr. Hough's departure for the United States in March, is continuing in that capacity. Although no indication has been given as to who the new liquidator may be, Dr. Sellett will continue to serve as attorney for the defunct Raven concerns.

It also was learned yesterday that the business of liquidating the bank and associated concerns has now developed into a matter of daily routine, most of the really difficult work having been straightened out and completed prior to Mr. Hough's departure.

Mr. Hough died at the University of Pennsylvania Hospital in Philadelphia, two days ago shortly after submitting to a minor operation. His tonsils were removed by attending surgeons in the hope that this measure might aid in reducing the patient's blood pressure.

The bank liquidator left Shanghai with the idea of spending two months in the hands of specialists in Philadelphia.

Upon arrival in Philadelphia, he entered the hospital for observation, and for a time, his condition seemed to be quite all right. He took a turn for the worse after about 10 days and after a week had gone by, surgeons decided to perform a tonsillectomy.

News of Mr. Hough's death was received in Shanghai early Tuesday morning. The report came as a decided shock for the liquidator was well-known and popular in many circles. He was managing director of the R.C.A.-Victor Company of China since 1933. He was appointed liquidator of the Raven concerns by the United States Court for China on June 3 of last year.

It is understood that funeral services for Mr. Hough will be held in Philadelphia, his native city.

File
J.M.

Taken By Death



Mr. Frank L. Hough, liquidator of the defunct American-Oriental Banking Corporation, Managing Director of the R.C.A.-Victor Company of China and prominent American resident of Shanghai, who died at a hospital in Philadelphia Monday. News of his death was received here at 2 a.m. yesterday.

Dr. Sellett To Carry On At Bank Position

News Of Hough Death In Philadelphia Shocks City

Until the appointment of another liquidator to succeed the late Mr. Frank L. Hough, who died early yesterday in Philadelphia, Dr. George Sellett, prominent American attorney, will continue to remain in charge of the affairs of the defunct American-Oriental Banking Corporation and allied institutions of the Raven Group.

In the meantime, Shanghai mourns the passing of one of the city's most prominent American business men. News of Mr. Hough's death came as a decided shock to all his many friends and business associates.

Mr. Hough died at 10.55 a.m. Monday following the removal of his tonsils at the University of Pennsylvania Hospital, where he had been a patient for several weeks. He left here on March 8 on the Empress of Japan and had expected to be back in Shanghai early in May.

One week after his arrival in Philadelphia, his native city, he entered the hospital for observation only. Shortly before leaving Shanghai, he had undergone a physical examination and discovered that his blood pressure was high. Later, he started suffering from eye trouble and it was primarily to have his eyes treated by Philadelphia specialists that prompted him to make the trip to the United States.

Cabled Nothing Serious

Upon entering the hospital, he cabled Mrs. Hough who remained in Shanghai, residing at their new home at 432 Avenue Haig, that nothing really serious had been discovered by the doctors, but added that he intended remaining at the hospital 10 or 12 days for observation. Another cable received a few days later was to the effect that physicians were of the opinion that there was no necessity for an operation.

Three days ago, a cable was received stating that physicians had decided to remove his tonsils in an effort to relieve his blood pressure. A few hours later another cable arrived stating that the operation had been performed but that Mr. Hough was in a serious condition. Late Monday afternoon, another message from the hospital at Philadelphia announced that he was not expected to live through the night. The cable announcing his death was received at the R.C.A.-Victor Offices, of which Mr. Hough was the Managing-Director, yesterday morning.

Both the R.C.A.-Victor and the offices of the liquidator of the Raven concerns were closed immediately on receipt of the tragic news, while the United States Court for China, which also was in session at the time, was adjourned for the day. One short case had been heard when Dr. Sellett, who had entered the courtroom, arose and informed the court of Mr. Hough's death. After paying brief tribute to the memory of the deceased, he suggested that court be adjourned.

"A Splendid Citizen"

Judge Milton J. Helmick granted the adjournment, stating: "The suggestion is well taken, Mr. Hough was an exemplary public servant, a splendid citizen and a faithful officer of this Court."

It is understood that a liquidator to succeed Mr. Hough may be appointed by Judge Helmick before the end of the current week.

Mr. Hough was born in Philadelphia in 1885 and would have been 51 years old next Monday. His father was a well-known newspaperman, having been Editor of the Philadelphia Bulletin for many years. He also owned a half-interest in the famous Philadelphia Athletics, world baseball champion, at various times in the history of major league baseball.

Completing his education in Philadelphia, he became interested in the motion picture and electrical industries and joined the Thomas A. Edison Company in 1908. After spending a number of years in the factories and laboratories of the concern, Mr. Hough went on the road as a traveling representative for the Edison products. He spent three years traveling throughout the Northwestern United States, introducing light bulbs, phonographs and other products of the Edison concern to the then unmodernized districts of the American prairies. Thus Mr. Hough was an important factor in leaving the mark of the great Edison in the still wild hinterlands of the cattle and wheat country of the United States.

Installed Power Plants

One of his jobs while traveling through the Northwest was to assist and supervise the installation of power plants in the small towns and cities of the Dakotas, Wyoming, Montana and Western Nebraska. Many of these plants still remain in operation.

Possessing a thorough knowledge of the electrical industry and the electrical goods business, Mr. Hough soon became one of the crack men with the Edison concern and in 1918, came to Shanghai as a representative of the Edison Electric Company. He remained in China until 1920 when he went to Java for the company, living there until 1922.

Upon his return to the United States, Mr. Hough joined the old Victor Talking Machine Company, and was sent to the Argentine to manage the company there. For the next 10 years, Mr. Hough made his headquarters at Buenos Aires. He returned to Camden in 1932 and came to Shanghai the following year as Managing-Director of

the R.C.A.-Victor Company of China. He was named liquidator of the defunct Raven financial concerns and trustee of the Asia Realty Company by Judge Milton J. Helmick on June 3 of last year, about 10 days after the collapse of the American-Oriental Bank.

Mr. Hough took over the handling of the affairs of the concerns immediately. When the court seals on the bank were broken and he formally took over his office, there was only \$7,000 in the vaults and some seven or eight millions outstanding. By dint of hard work against innumerable obstacles, Mr. Hough collected sufficient funds within a few weeks to pay off back salaries of the employees.

Efficient Liquidator

Within four months, he announced a payment of all depositors with accounts less than \$50 in the bank. Some \$60,000 was disbursed. By Christmas, he had collected more than \$800,000 and had made a 7 1/2 per cent payment to all depositors.

From the time he took over the liquidation of the Raven concerns until shortly before his departure, Mr. Hough spent many long hours in the office of the bank as well as the offices of R.C.A.-Victor. He fell ill last November but after remaining at home for a few days, returned to his offices and went back to work. He made one short trip to North China, and upon his return, announced that he was not feeling well.

No noticeable improvement in his condition was made and after the Raven and Brown trial, he was confined to his bed at home for some time. Upon his return to his office, eye trouble developed and it was then that he decided to consult specialists in America.

Mr. Hough was an ardent baseball fan and possessed expert knowledge of the game; knowledge attained during his early association with the Athletics. During the summer months of last year when he was literally buried with work, about the only recreation that he was able to find time to enjoy was an occasional motion picture and the Sunday and Saturday afternoon baseball games.

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A.-O. Bank Failure Hits City Hospital

**St. Luke's 1935 Report
Reveals No New Build-
ing Planned Now**

**FUNDS SAVED FOR
20 YEARS LOST**

**Interior Floods Bring
Influx Of Poor
Patients**

Listing the failure of the American-Oriental Banking Corporation as a great blow to its finances, the 1935 report of the St. Luke's Hospital issued yesterday disclosed that the proposed new hospital, laboratory and nurses training school building will be postponed indefinitely.

The hospital also ended the year with a \$6,000 deficit, due to the general depression in Shanghai and the influx of destitute patients from flood areas.

On the money lost due to the bank failure, the report said: "Practically the whole of our new building fund was deposited in the American-Oriental Banking Corporation, the Raven Trust Company or loaned to the Asia Realty Company. In round figures we had in these institutions approximately \$727,000. It seems that the best we can hope for is to recover about 60 per cent and most of this from what was in the Asia Realty Company.

"These funds," the hospital Superintendent continued, "represented 20 years' of accumulation from many donors, so that the prospects for our new plant are not very bright. However, the sick and the injured in Shanghai must be cared for, so we are preparing to fix up our old building as much as possible and carry on."

Floods Bring Patients

During the year, floods in many parts of China brought an increase of patients to the St. Luke's. On financing the hospitalization of these people, the report said, "These patients, of course, are unable to pay any part of their expenses and we had trouble getting rid of them after they were healed.

"When we offered them fare to go back home they simply said that there was no use of going back as the country was covered with water. The only thing that could be done was to give them small amounts from our Social Service Fund to help them start anew in Shanghai," the report continued.

"There were several pathetic cases of children who had lost their homes and in one case at least, a whole family had been drowned except a 12-year-old boy who was brought to the St. Luke's by a ricksha coolie who found him lying in an alleyway. He had stolen rides on river boats to get to Shanghai and became ill while begging on the streets. We were happy to be able to find a home for him with the National Child Welfare Association," the report revealed.

Drain On Resources

All these free patients, the St. Luke's Superintendent pointed out, were a drain on the hospital's resources. Also, the depression in Shanghai forced many people who would otherwise go to private rooms to enter wards where the fee was not enough to cover their care.

At present, the hospital, forced to remain in its old quarters, is in need of money to retile the kitchen. This will cost about \$1,400. Also, the medical building of the

hospital, now insufficiently heated with stoves and grates, is needing a new furnace. Some \$6,400 is expected from donors for this purpose.

During 1935, St. Luke's received a total of \$16,355.30 in contributions and \$29,698.60 in subsidies from the Shanghai Municipal Council

and the American Church Mission appropriation.

A total of 113,388 cases were treated during the year by the hospital's out-patient department. Some 3,012 persons used the wards, totaling 49,784 days in hospital service.

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**KLEFFEL APPEAL SET
FOR APRIL 18**

**Ex-Bank Manager And
S.M.P. Seek Reversal
Of Court Decision**

The hearing of the appeal in the case of Julius Kleffel, German, former general manager and vice-president of the now defunct American-Oriental Banking Corporation, who was recently convicted on a charge of breach of confidence, will be heard before the Second Branch of the Kiangsu High Court on Saturday morning, April 18.

Mr. Kleffel is appealing against the decision of Judge Dzien, handed down in the First Special District Court last month, in finding him guilty of breach of confidence and sentencing him to six months' imprisonment and a fine of \$1,000, as well as ordering him to pay back \$20,000 to Mr. Henry Young, Chinese, one of the complaining witnesses.

The Shanghai Municipal Police has also appealed the decision of Judge Dzien. The legal representatives of the Police seek the reversal of the lower court's decision in acquitting Mr. Kleffel on charges of fraud and misappropriation.

Action against Mr. Kleffel was commenced early in February of this year, shortly after the close of the now famous Raven and Brown trial in the United States Court for China. Messrs. Frank J. Raven and J. Warner Brown were sentenced to five and two years' imprisonment, respectively, in the U.S. Penitentiary at McNeill's Island, for fraud and misappropriation in connection with the affairs of the now defunct American-Oriental Finance Corporation.

Mr. Kleffel upon being summoned before the Chinese tribunal to answer to charges of fraud, misappropriation and breach of confidence, in connection with the disappearance of \$32,000 from safe-keeping vaults of the bank, denied all knowledge of same. He placed the blame on the shoulders of Mr. Dick Huang, the bank's compradore and a Chinese employee.

Following numerous hearings he was acquitted of charges of fraud and misappropriation, but convicted for breach of confidence. During the trial he was allowed to remain on bail of \$20,000 and during the period of appeal the same bail is being allowed.

P.S. to D.D. (CRIME)

P.A. Crime

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Kleffel Fails To Appear At Appeal

Case Is Adjourned Sine Die At Request Of Attorney

Mr. Julius Kleffel, former Manager of the defunct American-Oriental Banking Corporation, failed to appear in 2nd Kiangsu High Court yesterday morning for the first hearing of his appeal against the decision of the First Special District Court, sentencing him to six months imprisonment and to pay a fine of \$1,000 for breach of confidence in connection with two safe-keeping transactions handled by the bank before it closed last May.

Police representatives and Messrs. R. T. Bryan, Jr., Municipal Advocate, and Paul Y. Ru, Assistant Municipal Advocate, appeared in court, ready to proceed with the case. Mr. Kleffel was represented by his attorneys, Dr. A. Grossman, and associates. Counsel for Mr. Kleffel asked for an adjournment and the case was remanded sine die. The proceedings were conducted in chambers. No indication was given as to when the appeal proceedings might get under way.

While Mr. Kleffel has appealed against the decision of the lower court convicting him of breach of confidence, the Shanghai Municipal Police have filed appeal against the action of the First Special District Court in acquitting the former banker of fraud and misappropriation. This latter step, it has been pointed out, was taken as a counter-move against the Kleffel appeal.

Mr. Kleffel was tried for fraud, misappropriation and breach of confidence in connection with two safe-keeping transactions, involving

\$32,000. The money was placed in the bank, \$20,000 by Mr. Henry Young, Chinese, and Mr. M. M. Eppert, Russian, during April, 1935, a month before the bank closed. The two depositors were given safe-keeping receipts but later, the money was diverted to call account and when the bank closed, it was not in the safe-keeping vault.

Mr. Kleffel denied that he had anything to do with the diversion of the \$32,000 to call account, nor did he know about the transactions until after the bank had closed. He placed the blame for the irregularity on the shoulders of the Chinese comrade and a Chinese clerk in charge of safe-keeping.

P. A. (Carne)

July 1932

Appeal Filed By S. M. P. In Kleffel Case

Seek Reversal Of Ac- quittal On Two Charges

EX-BANKER ALSO APPEALS DECISION

Police Action Reported To Be Counter- Move

The Shanghai Municipal Police have appealed against the decision of Judge Dzien, of the First Special District Court, in handing down an acquittal against Mr. Julius Kleffel, former Manager of the defunct American-Oriental Banking Corporation, on charges of fraud and misappropriation, a CHINA PRESS reporter learned yesterday.

In the meantime, Mr. Kleffel has filed appeal against the decision of Judge Dzien in finding him guilty on a charge of breach of confidence, under which the accused was sentenced to five months' imprisonment and ordered to pay a fine of \$1,000, as well as to pay \$20,000 to Mr. Henry Young, Chinese, one of the complaining witnesses. First hearing of the appeal will be held in 2nd Kiangsu High Court at 10 o'clock tomorrow morning.

Action of the police in filing appeal against the lower court's decision was made as a counter-move, it was reported.

The Kleffel case had its beginning shortly after the close of the now famous Raven and Brown trial in the United States Court for China, in which Messrs. Frank J. Raven and John Warner Brown were sentenced to five and two-year terms at the U. S. Federal Prison, McNeill's Island for fraud and misappropriation in connection with the affairs of the defunct American-Oriental Finance Corporation.

Mr. Kleffel, a German, was summoned before the First Special District Court to answer charges of fraud, misappropriation and breach of confidence in connection with two safe-keeping transactions in the A.O.B.C. The chief complaining witness was Mr. Young, who testified that he had placed \$20,000 in cash in safe-keeping with the bank early in April, 1935, shortly before the bank closed its doors. It was further brought out that Mr. M. M. Eppert, Russian, had placed \$12,000 in safe-keeping the latter part of April the same year. When the safe-keeping vault was opened after the bank had closed, it was discovered that these two sums had not been placed in safe-keeping although receipts for that purpose had been given to the customers. The money had been diverted to call account.

Mr. Kleffel flatly denied that he knew anything about the transaction and a good bit of the blame was placed on the shoulders of the comprador, Mr. "Dick" Wang, and a Chinese clerk in charge of safe-keeping. Mr. Kleffel was acquitted of fraud and misappropriation charges but was convicted of breach of confidence. He was also ordered to pay back the \$20,000 lost in the bank by Mr. Young.

Mr. Kleffel was under \$20,000 cash bond during the course of the trial and this bond was held in force during the period of appeal.

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P. A. (Crime)

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Kleffel Given Six Months' Term And \$1,000 Fine

Former A.-O.B.C. Manager Found Guilty Of Breach Of Confidence, Ordered To Pay \$20,000; To Retain Liberty During Appeal

Mr. Julius Kleffel, German, former General Manager and Vice-President of the now defunct American-Oriental Banking Corporation, was sentenced to six months' imprisonment and fined \$1,000 by Judge Dzien in the First Special District Court yesterday morning upon being found guilty on the charge of breach of confidence in connection with the disappearance from the safe-keeping vaults of the bank of \$32,000 at the time of its closure on May 24, last.

Judge Dzien, in passing sentence, acquitted Mr. Kleffel on charges of misappropriation and fraud, which were also framed against him by the prosecution. In dealing with the civil claim of \$20,000 filed against Mr. Kleffel by Mr. Henry Young in connection with the criminal action, the jurist ordered the former general manager of the bank to pay back the money together with interest at five per cent. per annum.

Mr. Kleffel was not present in court at the time that sentence was pronounced by Judge Dzien, but was waiting in his motor car parked on Tsepoo Road, just outside

the court compound, to hear his fate. In passing sentence Judge Dzien ruled that Mr. Kleffel would have to be taken into custody and confined to Ward Road Gaol immediately, but upon application of the defence counsel, Dr. A. Grossman, he allowed the accused to remain on his original cash bail of \$20,000 during the period of appeal. Dr. Grossman stated yesterday morning that an appeal would be filed immediately with the Second Branch of the Kiangsu High Court.

Third Officer Sentenced

Mr. Kleffel is the third officer of the defunct Raven organizations to be tried and sentenced. The first two, Mr. Frank Jay Raven, President of the Bank and the American-Oriental Finance Corporation, and Mr. J. Warner Brown, Vice-President and Manager of the American-Oriental Finance Corporation, were sentenced to five and two years' imprisonment, respec-



MR. J. KLEFFEL

tively, by Judge Milton J. Helmick in the United States Court for China on February 3, of this year. The two American officers were found guilty on seven charges of embezzlement and fraudulent false pretences following a trial lasting a month.

Immediately upon conviction both Mr. Raven and Mr. Brown were confined in the Ward Road Gaol and later they were sent in custody of the captain of the President McKinley to the United States to serve their sentences in the McNeil's Island Penitentiary. Mr. Brown had waived his right of appeal, while Mr. Raven has filed an appeal, his attorney, Mr. Richard T. Evans of Tientsin, having sailed for the United States a fortnight ago, to represent him there.

Prosecution A Surprise

The prosecution of Mr. Julius Kleffel, commenced more than eight months after the failure of the bank, came as a big surprise, especially after the defence introduced into evidence a testimonial given to Mr. Kleffel by Mr.

Frank L. Hough, liquidator of the Raven companies, on November 24, last. In this testimonial, Mr. Hough stated that Mr. Kleffel had carried out his duties as bank manager properly and that he was in no way indebted to the bank. During the trial Mr. Robert T. Bryan, Municipal Advocate, called Mr. Kleffel a "crooked banker" and attacked Mr. Hough for allegedly shielding Mr. Kleffel.

The complaint against Mr. Kleffel was signed by Mr. Henry Young, a Chinese who claimed to have lost \$20,000 and Mr. M. M. Eppert, a Russian who alleged the loss of \$12,000. Mr. Hough's signature was also on the complaint. He stated that he had signed it upon the request of the U.S. District Attorney, Mr. Feltham Watson, and Mr. Bryan, the Municipal Advocate, being told that they wished to thoroughly investigate the affairs of the bank.

Mr. Kleffel was charged under Article 336, 339 and 342 of the Chinese Criminal Code with misappropriation, fraud and breach of confidence. It was alleged by the prosecution that under his instructions the two deposits amounting to \$32,000 were taken from the safekeeping account and placed in deposit on call account. The two chief witnesses for the prosecution, Mr. Dick Huang, the comradore of the defunct bank, and Mr. S. E. Tsu, the head of the safekeeping department, alleged that Mr. Kleffel knew about the two transactions. The accused denied this, maintaining that it was impossible for him to keep track of hundreds of transactions that had passed through the bank daily. He placed the blame for the diversion of the two accounts from safekeeping to deposit on call account on the comradore and the head of the safekeeping department.

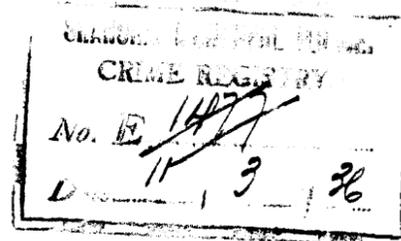
Mr. Walter Francis Raven, former assistant manager and office manager of the bank, testified that Mr. Kleffel knew nothing regarding the Young transaction, while the Eppert transaction he had brought to the attention of Mr. Kleffel, but was told to use his own judgment about it. Mr. Raven maintained that he signed the two safekeeping receipts on the understanding that Mr. Tsu as head of the safekeeping department had received the cash and placed it in the vaults. Mr. Tsu's signature also appeared on the receipts.

D. 6748



D.O. (Crime)
Information, and
widely return.
JAG

11 MAR 1936



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**KLEFFEL'S TRIAL TO
BE ENDED TO-DAY**

**Dr. Grossman Will Make
Address On Behalf
Of His Client**

The trial of Mr. Julius Kleffel, German, former General Manager and Vice-President of the now defunct American-Oriental Banking Corporation, will be concluded before Judge Dzien in the First Special District Court this morning. Although the address for the prosecution made by Mr. R. T. Bryan, Jr., Municipal Advocate, was concluded on Saturday, it is not expected that judgment will be delivered this morning. Mr. Kleffel is charged with misappropriation, fraud and breach of

Dr. (Crime)

JH



Kleffel Is Accused As A "Crooked Banker" By The Municipal Advocate

Mr. Bryan Makes Ringing Indictment Of Accused In
Closing Speech For The Prosecution; Says Every
Possible Irregularity Was Committed

LIQUIDATOR OF A.-O.B.C. SUBJECTED TO CAUSTIC CRITICISM FOR HIS STAND

"I submit that the evidence in this case has disclosed a nefarious story of criminality, embezzlement, fraud, negligence, mismanagement, breach of confidence, deception, falsehood and prevarication," said Mr. Robert T. Bryan, Jnr., Municipal Advocate, in the First Special District Court yesterday morning in summing up the case for the prosecution against Mr. Julius Kleffel, former General Manager and Vice-President of the now defunct American-Oriental Banking Corporation.

Mr. Kleffel is charged with misappropriation, fraud and breach of confidence under Articles 336, 339 and 342 of the Chinese Criminal Code in connection with the disappearance of \$32,000 from the safekeeping vault of the A.-O.B.C.

Complainants in the case are Mr. Young, a Chinese, who deposited \$20,000, and Mr. M. M. Eppert, who deposited \$12,000 with the Bank for safekeeping in April, 1935, shortly before the institution crashed, together with the other Raven concerns.

The accused, who has pleaded not guilty, declaring that he knew nothing of the two accounts on which the charges are based, is represented by Dr. Grossman and Dr. D. S. Chen. Dr. Chen addressed the Court after the conclusion of the Municipal Advocate's speech and an adjournment was then ordered to Tuesday morning at 10 o'clock, when it is expected that Dr. Grossman will sum up for his client.

Answering the contention of the defence that Mr. Dick Huang, who was the compradore of the Bank, was responsible for the mishandling of safekeeping deposits, Mr. Bryan, early in his speech, which occupied a full hour, declared that no such suggestion could be seriously entertained.

Roles Of The Parties

"Compradore Huang was only a marionette. Kleffel was the master mind who pulled the strings. Had Huang not done what Kleffel wanted him to do, Huang would have been discharged. Now we have the spectacle of Kleffel, who operated behind the scenes as the master mind, wanting to blame everything on the compradore. It must be admitted that, according to the evidence, Huang was not exactly what one could call a scrupulously honest man, but that fact does not exonerate Kleffel, who held the responsible positions of General Manager and Vice-President.

After severely criticizing the evidence given by Walter F. Raven, Mr. Bryan went on to contend that the evidence showed Kleffel to have committed about every irregularity and every malpractice a banker could commit.

"Article 34 of the Chinese Banking Law prohibits a bank from granting any loan which is in excess of 10 per cent. of its capital. Yet we have it in evidence that Kleffel, as manager of the A.-O.B.C., granted one loan which amounted to \$2,500,000, equal to almost the entire capital of the Bank.

"This sum was loaned to Harking Motors, in which two officers of the Bank were directors. The Liquidator of the Bank has been able to recover only \$400,000 of this sum.

Real Estate Loans

"The Chinese Banking Law prohibits loans on real estate, except in special circumstances which do not appear in this case. Yet Kleffel lent \$1,300,000 to the Asia Realty Company. And this money was lent, if you please, not on a first mortgage, but on a second mort-

gage. The Liquidator of the Bank has been unable to collect a cent."

Mr. Bryan then went on to state that Kleffel had granted loans to officers, directors and employees of the Bank, and to his own relatives, without any proper security. He even persuaded the compradore of the Bank to go into business with his (Kleffel's) brother and advanced them the Bank's money for the purpose.

"And on top of all this he permitted the Raven family to use the Bank as a pocket book," counsel declaimed. "Even more, he speculated in gold bars with the Bank's credit. Now he tells us that he owes the Bank nothing, that he owes the compradore nothing. But the fact remains that at one time he did owe the Bank money and that he did use the Bank's credit for his speculations. The only difference between Kleffel, on the one hand, and Raven and Brown, on the other, is that the former was more lucky than the latter. Raven and Brown lost on their speculations and Kleffel won and made money.

"Kleffel says he lost money when the Bank closed down. If this is true, he could well afford to lose it, for he made plenty by speculating with the Bank's credit."

Knew It Was Wrong

Coming to the charges themselves, Mr. Bryan said Kleffel knew it was wrong to transfer customers' safekeeping deposits from safekeeping to call deposit. This was precisely why he put nothing in writing regarding the \$20,000 and \$12,000.

"We have to consider the defendant's culpability in the light of his general practices as manager of the Bank. On a previous occasion he pledged \$82,000 worth of debentures, the property of the Shanghai American School, and later he had to redeem them with money taken from his own pocket in order to avoid getting into trouble.

"The most conclusive evidence of the defendant's guilt, however, is the action of Dr. Grossman, his counsel, in approaching the compradore with a view to settling this case out of Court. This Court is entitled to assume that Dr. Grossman acted on Kleffel's instructions, because Kleffel did not want to go to Court. This is virtually an admission of guilt on the part of the defendant Kleffel."

Criticism Of Hough

Mr. Bryan then passed on to a criticism of the role played by Mr. Frank L. Hough, Liquidator of the Raven concerns, in regard to Mr. Kleffel, saying that he did so with great regret. "I regret it," he said, "but I have my duty to perform."

"It was Mr. Hough's business to collect debts owing to the A.-O.B.C. and distribute them among the creditors—not to go around whitewashing crooked bank managers, as he did in the testimonial he gave to Kleffel and in the evidence which he tendered in this Court.

"He had the temerity to come into this Court and express the opinion that Kleffel is not guilty, despite the evidence that Kleffel committed every possible irregularity."

Concluding his speech, Mr. Bryan said that many people had been pauperized by the failure of the A.-O.B.C. A verdict of guilty would not restore what had been lost, nor yet bring back to life the man who committed suicide when he lost all he had in the crash.

"But it will show that this Court is not prepared to tolerate dishonest bankers."

Defence Opens

Dr. D. S. Chen then spoke for the defence in Chinese and in the course of his remarks asserted that the proposal made by Dr. Grossman to the compradore for a settlement of the case out of court did not refer to the criminal action but to the civil claims for \$20,000 and \$12,000 which were at the foundation of the charges.

Dr. Chen went on to say that the recent sensational Raven-Brown trial in the United States Court for China had had the effect of casting suspicion on everyone who had held office in any of the Raven companies. Because of this, without previous careful investigation, an innocent man, whose family had lived in China for over 50 years, and who had always held an honourable position in the foreign community of Shanghai, had become involved in a prosecution which was not based on previous careful investigation.

The case against Mr. Kleffel, counsel proceeded, rested entirely on the evidence of the compradore and Mr. Tsu, the latter being head of the safekeeping department of the Bank. The safe custody receipts had been signed, both in the case of the \$20,000 and the

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\$12,000, by Mr. Tsu, likewise the call deposit receipts which had been placed in the safekeeping envelopes.

"Asked by your honour why he had acted as he did in making the transfer from safekeeping to call deposit, Mr. Tsu gave the poor answer that he had been instructed to do so by the defendant. To the further question as to why he had not asked for written instructions from the defendant, the convenient answer was given that he was only a minor employee and did not dare to ask for written instructions. Is it not illogical for a man who had been 15 years in the service of the Bank to be satisfied with mere verbal instructions in such an important matter?" counsel queried.

If there was any criminal liability, he went on to contend, it must rest upon those who signed the various receipts. Regarding the testimony given by Dr. Dick Huang, the comprador, this could not be believed by the Court, Dr. Chen argued. This man was indebted to the Bank for over \$108,000 when the closure occurred. This money had been entrusted to him for a special purpose, but the comprador had used it for his own private purposes. Since the Liquidator had been appointed, he had not paid back a farthing.

The Presumption

"Let us now turn to the presumption. The presumption, I should say, is always a very important point in all cases in which the prosecution is weak. Can you expect a man who, during all of the day and on the telephone is handling hundreds of exchange transactions, who is overloaded with the finances of the Bank, which stands alone on the market without support from Chinese banks, or the other foreign banks—can you expect such a man to take care of thousands of daily transactions which do not need his special care or attention, and for which he has a staff of about 100 men?"

"Is it reasonable to expect that the general manager of a bank must know all his customers, that he must be responsible for all the acts of his employees, even when he does not know how the employees are handling transactions? Would Mr. T. V. Soong, the General Manager of the Bank of China, be held responsible for an act of misappropriation or embezzlement which occurred in his bank?"

Dr. Chen referred to the fact that when the A.-O.B.C. closed down Mr. Kleffel was one of the biggest shareholders in the stock of the Raven companies, his holdings amounting to about \$200,000. This was lost, together with some \$27,000 which he had on deposit with the Bank.

Full Text Of J. Kleffel's Judgment Is Issued

In Holding Kleffel Guilty Of Confidence Breach, Judge Dzien Dealt Leniently With Accused, As He Held There Was No Selfish Motives

A rough translation of the full text of the judgment of six months' imprisonment and a fine of \$1,000 imposed upon Junus Kleffel, German, former General Manager and vice-President of the now defunct American-Oriental Banking Corporation, for successive breach of confidence, imposed by Judge Dzien Hoong-nien on March 10, was issued yesterday by the office of the Municipal Advocate.

Judge Dzien held Kleffel guilty of successive breach of confidence for having juggled with depositor's securities. However, he held that there was no selfish motive behind the acts of the accused and, therefore, imposed a comparatively short term of imprisonment, and, in addition, the judge imposed a much bigger fine, as he pointed out, "in order to be just."

Judge Dzien acquitted Kleffel on charges of misappropriation and fraud, holding that there was not sufficient evidence against him.

Notice Of Appeal Filed

Dr. A. Grossman, attorney for the defence, had filed notice of appeal. Kleffel being allowed to remain on the \$20,000 cash security during the period of appeal.

The Judgment

Following is the rough translation of the judgment handed down by Judge Dzien in the Shanghai First Special Area District Court last Tuesday:

"The accused was charged with Misappropriation, Fraud and Breach of Confidence by the Central Police Station. This Court has tried the case and hereby decides as follows:

"Six months' imprisonment and fined \$1,000 for successive breach of confidence. Commutation to labour shall be in the proportion of three dollars to one day, but not more than six months labour. Not guilty on other charges.

Facts

"Kleffel was the General Manager of the American Oriental Banking Corporation at 29, Nan-king Road. On April 8, 1935, Yang Sin-ching alias Henry Yang gave Wong Yih-zai, the Bank's Comptroller, \$20,000 in bank notes, and asked him to exchange same for silver dollars which were to be deposited in the Bank for safe-keeping. Kleffel first instructed Wong Yih-zai to request Yang Sin-ching to deposit the money on call deposit. Yang Sin-ching did not consent. Kleffel then ordered Wong Yih-zai to accept the money for safe-keeping. A receipt was accordingly signed by W. F. Raven and Tsu Yue-soong, the officers in charge of the Safe-keeping Department, and given to Yang Sin-ching. Actually, they entered this deposit into the Call Deposit Account and they put a call deposit receipt for this amount of money in the safe-keeping vaults in lieu of the \$20,000 silver. As a rule, the Bank cannot use money deposited for safe-keeping, but it can use money on call deposit. At that time, the

Bank was in need of funds, so the officers of the Bank took the money to supply the need. On the 30th of the same month, M. M. Epport, a Russian, gave to W. F. Raven and Tsu Yue-soong a check on that Bank for \$12,000 and requested them to withdraw the sum and exchange it for silver dollars to be kept by them as money in safe-keeping. They then consulted with Kleffel and with his consent, they did the business according to the precedent made in the Yang Sin-ching matter. On May 24 of the same year, the Bank closed. Yang Sin-ching and Epport were unable to take back from the safekeeping vault their money entrusted to the Bank for safe-keeping, because the money had been unlawfully used by the Bank for other purposes. Consequently, each of them suffered a loss. The Police accordingly instituted a prosecution against Kleffel.

Reasons

On April 8, 1935, Yang Sin-ching gave to Wong Yih-zai, Comptroller of the Bank, \$20,000 in bank notes, asking him to exchange them for silver dollars and to keep same in the Bank for safe-keeping. A safe-keeping receipt was signed by W. F. Raven and Tsu Yue-soong, responsible officers of the Safe-keeping Department, and given to Yang Sin-ching. In

fact, they entered this deposit into the Call Deposit Account and placed the call deposit receipt in the safekeeping vault, in lieu of the \$20,000 silver. On the 30th of the same month, M. M. Epport gave to Raven and Tsu Yue-soong a check on that Bank for \$12,000, and requested them to withdraw the sum, and change it into silver dollars to be kept by them as money in safe-keeping. A safe-keeping receipt was accordingly signed and issued to Epport by them. Actually, they acted according to the precedent of Yang Sin-ching. These are the salient facts of the case.

What this Court has to examine and decide is whether the statements made by Wong Yih-zai and Tsu Yue-soong to the effect that they acted in accordance with the instructions of Kleffel are credible or not. Both the accused and his lawyers contended:

The books, accounts and receipts concerning the two transactions did not bear the accused's signature, so it can be seen that the accused had no knowledge. Up to April 8 of last year, only \$103,000 appeared in the Comptroller's account books. However, on the 8th of the same month, the amount was increased to more than \$120,000. This sufficiently proves that the person who directly by unlawful acts enjoyed the use of the money was the comptroller, Wong Yih-zai, Tsu Yue-soong had close relations with Wong Yih-zai, his statements which were favourable to Wong Yih-zai, are clearly incredible.

Testimonial Utilized

They further utilized a testimonial given to Kleffel by Frank L. Hough, Liquidator of the Haven Companies, on November 24, 1935 to the effect that Kleffel had carried out his duties as bank manager properly and that he was in no way indebted to the bank and a statement made by the liquidator that the accused should not be held criminally responsible as a means of proving that the accused is not guilty. He further relied on the following statement of Raven as another way of proving his innocence.

"I signed the receipts according to what Tsu Yue-soong told me. On the day of the closure of the Bank, accused told me that somebody had committed irregularities with regard to the money kept in the safe-keeping Department and that the offender placed the call deposit receipt in the safe-keeping vault in lieu of cash. I then had knowledge of it.

On April 8 of last year, the comptroller's office sent the \$20,000 in bank notes received from Yang Sin-ching, together with other bank notes totalling \$71,000 to the Bank of China and deposited same in the current account of the American Oriental Banking Corporation. Detective Sub-inspector Wilgoss was sent to the Bank of China to investigate. He found this true and a copy of the entries in the books of the Bank have been made and submitted to this Court. The deposit could be withdrawn only upon the production of written evidence signed by the responsible officers of the American Oriental Banking Corporation, therefore the comptroller could not have withdrawn it. This has been stated very clearly by the liquidator, Mr. Hough and the Cashier of the American Oriental Banking Corporation Mr. Biengold.

Comptroller's Statement

Furthermore, Wong Yih-zai said in his statement:

With reference to the money received daily by the American Oriental Banking Corporation, besides paying the various kinds of deposits on that day, there were still three ways of handling money; (1) to place same in the vaults as cash reserve; (2) to deposit same with local banks as a reserve which could be drawn upon at any time. At the time of withdrawal, two responsible officers of the bank must sign as written evidence. The comptroller had no power to withdraw the money; (3) to charge same to the comptroller's account, as a reserve for paying the Bank's accounts. What remained unpaid was treated as the comptroller's overdraft upon which he was required to pay interest. There was a fixed procedure in the receiving and paying money between the Bank and the comptroller's office. Furthermore, it must be on written evidence.

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This corresponded with the testimony of Messrs. Hough and Piengold. In April of last year, the American Oriental Banking Corporation was badly in need of money. This is again not denied by the accused. Further supported by the accused's own statement that the comprador told him about the Yang Sih-ching's safe-keeping transaction and that Kaven had come to see him about the safe-keeping transaction of the Russian, Mr. M. D. Eppert; also by Kaven's statement that he had consulted with the accused concerning the safe-keeping of the money belonging to the Russian and that many returns of the total amount of deposits were prepared and that the General Manager was informed; also, by Tsu Yue-soong's statement that when Simson came to audit the accounts, he found these two accounts were not in order and that it was only after he had asked the General Manager, that he signed his name; also, by the fact that Mr. Hough, and Yang Sih-ching, signed the Police Department's First Information report stating that the accused was being summoned; also, by the letter of thanks to Wong Yih-zai, on April 30 of last year, in which it was stated:

We do not know how to express our gratitude towards you for your excellent work done for our Bank in these difficult days. My husband has repeatedly told me that had you not helped him in the difficulties encountered by him, he would be in a desperate condition; also, by the letter of recommendation written by the accused for Tsu Yue-soong, on the 30th of last year, in which it is stated:

Mr. Tsu Yue-soong has been entrusted by us with the safe-keeping of all our securities and valuables. We have the utmost confidence in him.

It is evident that the person who used Yang Sih-ching and Eppert's money entrusted to the bank by them for safe-keeping, there obtained an unlawful benefit, is the American Oriental Banking Corporation and not the comprador Wong Yih-zai. The evidence given by Messrs. Hough and Kaven, in which they endeavoured to exonerate the accused is not credible. . . .

The accused admitted himself that Wong Yih-zai made use of these bonds placed in safe-keeping more than once. Since Wong Yih-zai repeated the same acts over and over again, why did the accused not make an investigation into the matter before the subsequent acts were committed. On the other hand, after the Bank was closed, he redeemed the securities even with his wife's title deed. It sufficiently proves that the contentions offered by the accused to the effect that since he had no knowledge beforehand, had not signed his name, and was not responsible for these acts are prevarications.

Short Term

By comparing the accused's statement with Wong Yih-zai and Tsu Yue-soong's statements to the effect that the money placed by Yang Sih-ching and Eppert for safe-keeping was changed to a deposit on call upon instructions received from the accused, it becomes more clear that the latter statements are worthy of belief. Since the money placed by Yang Sih-ching and Eppert with the Bank for safe-keeping was transferred into a deposit on call by the accused, and because the money was unlawfully used by the Bank, same could not be returned from the vault. As a consequence, each of them suffered a loss. The evidence is very clear that the accused should be found guilty of successive breach of confidence.

By considering the object the committing the offence by the accused, there is yet no selfish motives. So a comparatively short term of im-

prisonment shall be imposed, and in addition to which, a much bigger fine is imposed in order to be just.

Other Charges

With reference to the other charges that when he was the General Manager of the American Oriental Banking Corporation, he asked Wong Yih-zai to buy and sell gold bars; that when a loss was incurred, he ordered the comprador to advance him the money belonging to the Bank as if it were owned by the comprador to the Bank and that in case of gain, he immediately withdrew all what he had gained and that he granted large loans with insufficient securities, it was found that the accused was not indebted to the American Oriental Banking Corporation. All what he owed to Wong Yih-zai has been returned to him. This is proved by the certificate issued by Mr. Hough and the receipt signed by Wong Yih-zai. Wong Yih-zai paid interest on the money loaned to him by the Bank. This is also proved by the passbook in which the interest paid by the comprador to the Bank is recorded. Before a loan is granted, it must be passed by the Board of Directors. The accused has no power to arbitrarily act alone. This point has been clearly stated by Mr. Hough. Whether or not the accused is guilty of these charges, there is not sufficient evidence to prove them. The accused should therefore be pronounced not guilty of

these charges in order to avoid injustice.

This judgment is hereby rendered as per text above in accordance with Article 342, Section 1, the first part of Article 56, and Article 42, Sections 2 and 3 of the Criminal Code and Article 293 Section 1 of the Code of Criminal Procedure.

Dated: March 10, 1936.
Signed: DIZEN HOONG NIEH, Judge.

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THE SHANGHAI TIMES. WEDNESDAY. MARCH 11, 1936

**RAVEN, BROWN LODGED
IN PENITENTIARY**

Mr. Frank J. Raven and Mr. J. Warner Brown, President and Vice-President, respectively, of the now defunct American-Oriental Finance Corporation, convicted here early last month on charges of embezzlement and fraud, have arrived in the United States aboard the s.s. President McKinley and have been lodged in the penitentiary at McNeill's Island, according to a cabled message received here by Mr. Edward L. Faupel, United States Marshal for China.

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Raven And Brown Enter McNeil Island To Start Penitentiary Terms After Pacific Crossing

Puget Sound Prison One Of Six U.S. Institutions For Federal Offenders; Farming, Shop Work Principal Occupations Of Inmates; Six Escapes In 1933 And 1934

Frank Jay Raven and John Warner Brown, former officials of the defunct American-Oriental Finance Corporation, yesterday morning entered the United States Penitentiary at McNeil Island, Puget Sound, to commence serving terms of five and two years respectively, according to word received in Shanghai.

The two men were convicted on seven counts of embezzlement and fraud in connection with A.O.F.C. stock transactions by Judge Milton J. Helmick of the United States Court for China early in February. They arrived in Seattle early Wednesday morning in the custody of Captain Clyde Bryant, of the Dollar liner President McKinley, and were placed aboard a prison launch for transport 40 miles up the Sound to their new residence.

With them was James Garland Ogden, arrested in Shanghai nearly a month ago on a charge of using the United States mails to defraud. Ogden was turned over to a deputy sheriff from Memphis, Tennessee, for transport to that city where he will stand trial.

In view of the interest in the Raven and Brown case, The China Press has made an effort to obtain details regarding the prison at McNeil Island. This was not easy in view of the fact that few persons sentenced to the prison from Shanghai have ever returned to this city to tell about the time they had spent there, nor were any prison reports on file at the American Consulate. After some trouble, the official prison report for 1933-1934 was obtained.

Six Federal Prisons In U.S.

There are six United States federal prisons, the one at McNeil Island being fourth in importance on the list. The largest of these prisons is at Atlanta, Georgia, while the second largest is at Leavenworth, Kansas. Third in importance is the United States Penitentiary Annex at Fort Leavenworth, Kansas. Fourth in importance and size is McNeil Island while the fifth on the list is the prison on Alcatraz Island, San Francisco Bay. Sixth and last is the prison at Lewisburg, Pennsylvania.

All of these prisons house men convicted of criminal offenses against the United States Government and are not concerned in any way with the operation of state penal institutions. Alcatraz, formerly a military prison, was only recently made a federal prison. It does not house ordinary convicts but is used almost entirely as a place in which to keep the most desperate and daring of American criminals who have come into conflict with the law and lost. Al Capone, erstwhile Czar of Chicago's underworld, is one of the biggest names in the place. This step was taken largely because of the fact that Alcatraz is practically escape-proof.

6 Escape In 1933-34

Such is not the case with McNeil Island. During 1933-1934, six pri-

soners escaped from McNeil and only three were caught. The prison, however, is modern in every respect. For the year under review, the average number of inmates was 881. The highest number in the institution at any one time was 975 and the lowest number was 827. During the year, 612 prisoners were received and 722 were discharged, leaving only 843 prisoners in the institution on July 1, 1934. It is understood that figures for 1934-1935 were approximately the same.

The principal occupations of the prisoners are farming, and power and machine shop work. Approximately 2,100 acres of land on the island are owned by the U.S. Government, and an area of 510 acres has been set aside for use as the prison farm. Of this latter area, about 250 acres are under cultivation, while the balance is wooded or uncleared land and not yet available for tilling.

Beef, veal, pork, mutton, chickens, milk, and eggs and green vegetables of all kinds are the principal products of the prison farm and these are sold to the prison mess. The annual value of the total products for the past four years has been about U.S. \$23,000.

Island Lantern Published

Besides the farm, the prison keeps convicts employed in the power plant and the machine, wood and automotive repair shops, and the prison printing plant. The latter is a rather small establishment specializing in book work. The printing plant also publishes a weekly prison paper known as the Island Lantern.

Social welfare work conducted in the prison is of a rather extensive nature. Every convict is given an opportunity to take up the study of a trade and the average enrollment is about 65 per cent of the total inmates. Most of the school work is done at night after the men have completed their labor assignments. This has had a tendency to retard educational work since most of the men come in tired but since McNeil Island is a prison and not a school, the administration feels that it has made some progress in educational work.

14,000 Books In Library

McNeil Island has a small library of 14,000 volumes, about one-fourth of which is fiction. Judging from reports, the prisoners take full advantage of the opportunity offered by the maintenance of the library, the average number of books read per man during the past three years being 70.

Recreational privileges are offered the prisoners in the way of sports and other entertainments. The present recreational program includes radio programs each evening for about two hours; weekly motion picture shows and occasional added entertainments when available. During the summer season, a baseball game is played every Saturday afternoon between the inmate team and some visiting team. Religious services also are held each week.

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Julius Kleffel To Hear His Fate Pronounced By Judge Dzien On Tuesday

Dr. Grossman, Defence Counsel, Calls Prosecution
A Rigmarole, Scores Municipal Advocate's
Attack On Liquidator And Mr. W. F. Raven

KLEFFEL SAYS HE IS NOT GUILTY, HAS CONFIDENCE IN JUDGE

The trial of Mr. Julius Kleffel, German, former General Manager and Vice-President of the now defunct American-Oriental Banking Corporation, on charges of misappropriation, fraud and breach of confidence, was concluded in the First Special District Court yesterday morning with an eloquent address made on behalf of the accused by his attorney, Dr. Grossman. Judge Dzien, after listening for 35 minutes to the address made by the defence counsel and then to the civil claim for \$20,000 presented by Mr. Henry Young, one of the complainants in the case, remanded Mr. Kleffel for judgment until next Tuesday morning, March 10.

In his address, Dr. Grossman called the whole prosecution a rigmarole, further saying that the prosecution had not produced any documentary evidence against the accused. He then scored the evidence of Mr. Dick Huang, the comprador, and Mr. E. V. Tsu, formerly in charge of the safe-keeping department of the Bank, as being closely connected together. Dr. Grossman also pointed out that on the face of written evidence produced, the two men could be rendered responsible for the irregularities for which Mr. Kleffel was now being tried. Dr. Grossman also scored the attack made by Mr. Robert T. Bryan, Jr., Municipal Advocate, on Mr. Frank L. Hough, liquidator of the Bank, and Mr. Walter F. Raven, former assistant manager and office manager. Dr. Grossman closed by asking that his client be acquitted, as the prosecution had failed to prove their case against him.

Confident In Judge

Upon being called to the dock for his last word before the Court adjourned, Mr. Kleffel said, "My lawyer has said everything there is to be said in my defence. I am not guilty, and I have full confidence that the wisdom of your Honour will give me my freedom and peace again."

Mr. Henry Young, one of the complainants in the case, who had lost \$20,000, was then called to the stand. He stated that he had filed a civil action against Mr. Kleffel claiming the \$20,000 plus interest from June 14 last. His lawyer briefly addressed the Court. Mr. Paul Y. Ru, Assistant Municipal Advocate, who assisted Mr. Bryan in conducting the prosecution, then brought it to the attention of Judge Dzien that \$20,000 was at present in the possession of the Court, having been placed there by Mr. Kleffel as bail during his trial.

Defence Address

In addressing the Court, Dr. Grossman said:

"Your Honour, I have only a few words to add to the brilliant speech of my learned friend, Dr. Chen, who is associated with me for the defence. I will be brief for two reasons: (1) Because the speech of my friend, Dr. Chen, contains almost everything which is relevant, and (2) Because I feel that the speech of counsel for the prosecution. Mr. Robert T.

Bryan, Jr., is the best defence. As a matter of fact, it would be unnecessary to say a word for the defence after all the arguments which counsel for the prosecution calls arguments. I shall certainly not follow counsel for the prosecution on the line he followed during these proceedings and shall try to hold my speech on the high level of legal arguments which is due to the authority of this Honourable Court.

"The prosecution used the analogy of a marionette show in which the defendant pulls the strings behind the scenes, and the innocent wooden puppets are the gentlemen witnesses of the prosecution, Mr. Dick Huang and his close friend, Mr. Tsu. I should not hesitate also to call this whole prosecution a rigmarole, if the circumstances of same and the possible consequences to same would not be so tragic. The prosecution starts with two impossible charges and offers in evidence the testimony of two witnesses who are closely connected together, and who, on the face of the written documents which are produced as evidence, may be rendered responsible for the irregularities committed. I should not hesitate to say that this prosecution is unparalleled in the history of modern Chinese law. And after feeling that their case is rather weak, they start to sling mud like a furious child, and bring an additional charge under Article 342, bringing no evidence for this additional charge.

Explains Own Action

"As for the first two original charges, I shall have nothing to add, nothing to comment, as I am satisfied with all that my learned friend, Dr. Chen, said in this respect. I have, however, to comment a little bit on 'this most conclusive evidence' which Mr. Bryan mentioned, and that is, that I was trying to compromise the case upon instructions of Mr. Kleffel. In this respect, I have to confess I really tried to get into touch with somebody and from somewhere, at a certain date, and in the presence of certain people, and that was, your Honour, when I tried to get into touch with the main witness of the prosecution, with this gentleman comprador, who owes about \$168,000 to the Bank, if we calculate all the trust monies he used, and I tried it in the presence of the learned prosecutor, Mr. Bryan, from his offices in the presence of him and

of all the crowd which are now here, either as defendants, prosecutors or witnesses. And I tried to do so on February 6, 1936, in the afternoon, as aforesaid from the office of Mr. Bryan, and because at that time the learned counsel for prosecution was extremely anxious to have his main witness, Mr. Huang, in his office. As I did not succeed in reaching Huang, I tried to speak to him in the afternoon, but it seems to me that at that time, by some mysterious influence exercised by a mysterious, but certainly influential, source, the said gentleman refused to talk with me, although he said to Mr. Sandor, former General Manager of the Asia Realty Company, that the Young case might be arranged if Mr. Kleffel would guarantee to Mr. Young that his \$20,000 would be repaid. I am mentioning all this just to complete the story, and without attaching any importance to that, and all the more because your Honour made a ruling in this respect at the beginning of the proceedings.

"Now let us see the additional charge under Article 342. Counsel for the prosecution is right. This article is very broad and same can be certainly applied in a number of cases. I should even say that this article can be applied to a lot of cases, but certainly not for cases which are mentioned in the speech of counsel for the prosecution. And by a very simple reason, and that is, that in all cases in which this article should be or must be applied, a criminal intent must be shown by the prosecution, as the wording of the said article says whoever acts for another person in the management or control of affairs with intent to profit himself or the third person or to prejudice the interest of such person, thereby causing damage to such property or interest. As my learned friend, counsel for prosecution, shows not a bit of evidence to prove that the defendant had really criminal intent, is it not illogical and absurd to pretend that the defendant himself or some other third party had, or might have had, a profit from the transactions mentioned by counsel for prosecution, or is it not illogical and absurd to pretend that all these loans, etc., were made with the intent to prejudice the interests of the Bank? Is it not absurd to pretend that the defendant himself, who was an employee of the Bank, granted loans to third parties himself, as proceedings in the U.S. Court for China and a testimony of the Liquidator clearly show that there was an Executive Council, which directed all the affairs of the Raven Companies? My learned friend, counsel for prosecution, mentioned loans, which were allegedly granted by the defendant, but omitted to produce a single proof for the fact that same were really granted by the defendant, and if he would have had a look at the minutes of the Executive Council meetings it would have been easy for him to state that almost all of the said inter-company loans and the loans to the members of the Raven family were granted in spite of his clear and vigorous opposition. This is a fact which clearly speaks for the defendant, and I wonder why the prosecution had omitted to examine it and bring it to the knowledge of this Honourable Court.

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Not Chinese Bank

"My learned friend is jumping from one paragraph to the other, like a horse on the chess board. If one paragraph does not suit him, he chooses another one. He does not care to find out whether the respective paragraph or article of the law really covers the alleged criminal offence which he is prosecuting. He forgot even the not too important rule that the Chinese banking law can be applied only to banks registered with the Nanking Government, and maybe he has some knowledge about the fact that the American-Oriental Banking Corporation was a Chinese Bank registered with the Nanking Government, but to the best of my knowledge and recollection, it was not, but was

registered with the American Consulate-General, as an American Corporation and as aforesaid, if this Honourable Court should go into the affairs of an American Corporation that would mean that the American corporation would be deprived of its extraterritorial rights.

"Now let us turn a little to the characteristics of the witnesses of both sides. I agree entirely and in all respects to all that which counsel for prosecution said in respect of the Compradore, but it seems to me that it is rather peculiar that in spite of all, the learned prosecutor did not take immediate action against him in connection with the transactions which were confessed by the said Compradore himself. Was it not because the testimony, which is a lie from the beginning to the end, was intended to be used against this defendant? I am not taking the time of the Court concerning this question, nor am I doing so in respect of Tsu, as my learned friend, Dr. Chen, analyzed both of them clearly enough and sufficiently.

But I have to say a few words about the testimony of Mr. Walter Raven, which was branded by the prosecution as a lie, and I respectfully submit that the said Walter Raven had no interest whatsoever to take the whole responsibility on himself in respect of the Epport transaction, nor had he had any interest to say that he did not consult his general manager in the Young transaction. Nor did he have any interest to say that the overdraft of \$30,000 was not granted to him by the defendant.

The fact that he has his account with the bank overdrawn does not constitute sufficient ground to brand his testimony as a lie, and all the more because if the American authorities would have been of the opinion that he has committed some criminal offence, they would certainly not hesitate to take action in this respect without any delay.

Defends Mr. Hough

"Now let us see the testimony of Mr. Frank L. Hough, the liquidator. Counsel for prosecution saw it fit to brand him also to be either a liar or a fool, and he saw fit and justified to say that he, while defeating the objects for which he was appointed, and in order not to make a laughing stock of himself, tries to whitewash crooked bank managers. I am not holding a brief for Mr. Hough. Neither is it my duty to react to all those insults which have been addressed to an official of the

American Court, who is trying to arrange the affairs of the defunct Raven group. It is, however, and only for the sake of showing that the testimony of this man is of immense value for the defence, that I respectfully submit that all the Liquidator said must be accepted by the Court as a fact or as facts, and all that Mr. Hough said is beyond any doubt. After all, what did counsel for prosecution expect from the Liquidator? Did he expect that in spite of the fact that he is convinced that this defendant who is now before you, your Honour, is innocent, that in spite of his conviction he would come into Court and say to the contrary? Did he expect that a responsible man, an official of the U.S. Court, would not have the feeling of civil duty to come into this Court and to say that this man is innocent? Did the prosecution expect that after carefully examining the affairs of the A.-O.B.C. not only by the Liquidator, himself, but by Mr. De Vault,

chartered accountant, with a staff of about 20 people, who was never before connected with the A.-O.B.C. or with the defendant himself, and after having consulted his legal advisor, after he found that this defendant is not guilty of any misdemeanour or misconduct, or criminal conduct, that he will come into this Honourable Court and say the contrary? Is it not a clear accusation of complicity against the Liquidator in saying that in defeating the objects for which he was appointed, he is trying to whitewash crooked bank managers. Is it not a criminal offence to try to whitewash a crooked bank manager by defeating some object for which someone has been appointed? Will the prosecution inform the American authorities about that, asking them to file proceedings against the Liquidator?

I suppose also that Mr. Hough would certainly not assume to be, as counsel for prosecution stated, the prosecutor, jury and counsel

for the defence in one person, but that he made his statement in this Honourable Court, and he gave a certificate to the defendant addressed to all whom it may concern. After all, is my learned friend, counsel for prosecution, the jury in this case? How can he state, in anticipating the decision of this Honourable Court, that the defendant is a crooked bank manager? Is that not a little bit anticipated to say before judgment is given that a fraud or embezzlement or anything else of which the defendant is now accused has been really committed? If, as I presume, the judgment of this Court will be one of not guilty, would that not mean that my learned friend was not only mistaken in instituting these criminal proceedings but also that he was accusing the liquidator with a criminal offence? Not having any legal ground for such accusation, did my learned friend forget that the liquidator testified in this Court under oath, and that

he is under oath while performing his duty as liquidator. Is this oath not sufficient guarantee for the truth of the statements of the liquidator?

"I am mentioning shortly only that reference to the Chinese Banking Law seems to be incorrect, but I am not afraid to discuss this case even in the spirit of the Chinese Banking Law. Because of the undisputed fact that there was an Executive Council and a further fact that the defendant was not entitled to grant loans alone, not being the president of the bank and having over him the Executive Council. This clearly shows that he did not alone grant loans or make transactions which were contrary to the stipulations of the Chinese Banking Law. My learned friend mentioned, that he thinks defendant is guilty of a criminal negligence, but omitted, as always, to specify on what kind of criminal negligence he is guilty. The mere fact that he did not know what is

going on can certainly not be qualified as a crime, and the fact alone that the American authorities did not take any action against Mr. F. J. Raven in respect of the affairs of the Bank, but only in respects of the affairs of the Finance Corporation, shows clearly that the American authorities were certainly not of the same opinion."

13529

ATTORNEY EVANS OFF TO VISIT RAVEN

Will Interview Client In The Penitentiary Re- garding Appeal

Bound for the United States on a business trip, which will include a visit to Mr. Frank J. Raven, convicted in the United States Court for China on charges of embezzlement and fraud and sentenced to five years' imprisonment in the Federal Penitentiary at McNeill's Island, Mr. Richard T. Evans, prominent American attorney of Tientsin, sailed from here last night on the s.s. Empress of Russia, expecting to return at the end of May or early in June.

Mr. Evans told a "Shanghai Times" representative yesterday afternoon that his first assignment would be a visit to Mr. Raven, who is now on his way to the McNeill's Island Penitentiary aboard the s.s. President McKinley, to discuss the projected appeal of the convicted man to the San Francisco Circuit Court of Appeals.

The appeal, Mr. Evans said, would be handled by Mr. Peter Breen, San Francisco lawyer, with whom he would discuss the question of making a fresh application for Mr. Raven's release on bail, pending the outcome of the appeal. In the U.S. Court here, Judge Milton J. Helmick refused Mr. Raven's bail application. The fresh application, if made, will be considered by the appeal court itself.

Not Heard Soon

If the appeal is proceeded with, it cannot possibly be heard before May of 1937, in the opinion of Mr. Evans.

Yesterday afternoon Mr. Evans was busy at the offices of the U.S. Court, getting an order from Judge Helmick for discharge of the writ of ne exeat issued by the Court last June 30 to restrain Mr. Raven from leaving China pending the hearing of civil suits involving hundreds of thousands of dollars which had been brought against him by the Liquidator of the bankrupt Raven concern.

Several of Mr. Raven's friends and associates went bond for him on that occasion in the sum of U.S. \$20,000 and Mr. Evans' activity yesterday was for the purpose of releasing these bondsmen from any further obligation in the matter.

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Breach Of Confidence Is Stressed By Prosecution At Julius Kleffel's Trial

Allegations Made Of Large Loans And Overdrafts Which Were Only Partly Secured; Kleffel Questioned On Dealings In Gold Bars

EVIDENCE COMPLETED; COUNSEL TO ADDRESS COURT TO-MORROW

Slightly varying the wording of the charge the prosecution laid special stress on breach of confidence at the third session of the trial of Mr. Julius Kleffel, German, former General Manager and Vice-President of the now defunct American-Oriental Banking Corporation, in the First Special District Court yesterday morning.

Notwithstanding the protests of the defence Mr. Robert T. Bryan, Jr., Municipal Advocate, who is conducting the prosecution with Assistant Municipal Advocate Paul Y. Ru, introduced evidence that large loans and overdrafts had been granted by the bank on small and in some cases on no security at all.

Mr. Frank L. Hough, liquidator of the American-Oriental Banking Corporation and the other Raven companies, upon taking the stand yesterday, admitted having signed the complaint on which the prosecution was instituted against Mr. Kleffel, but pointed out that at the time he had signed the "First Information Report" prepared by the police he was not under the impression that he was bringing charges of any kind against Mr. Kleffel. Mr. Hough contended in his evidence that he had put his signature on the "First Information Report" on the understanding that a thorough examination be made by the United States District Attorney Mr. Feltham Watson and Mr. Bryan, the municipal advocate.

Mr. Kleffel is facing trial on charges of misappropriation, fraud and breach of confidence under Articles 336, 339 and 342 of the Chinese Criminal Code, in connection with the disappearance of \$32,000 from the safe-keeping vaults of the A.-O.B.C. The money was deposited with the bank for safe-keeping in April, 1935. The complainants in the case are Mr. Young, a Chinese, who deposited \$20,000, and Mr. M. M. Eppert, Russian, who deposited \$12,000. Mr. Kleffel at the outset of the trial had pleaded not guilty to the charges and has been placed on \$20,000 cash bail. In his defence he had stated that up to the time the bank had closed on the morning of May 24, last, he had no knowledge whatsoever of the two accounts forming the basis of the charges against him.

Yesterday's hearing was occupied with detailed questioning of Mr. Hough, Mr. L. Fiengold, former cashier of the A.-O.B.C., and now employed by the liquidator. Detective Sub-Inspector Harry Willgoss was also called on the stand to testify as to certain transfers of money made by the bank. Mr. Dick Huang, former compradore of the bank and Mr. U. S. Soong, who had charge of the safe-keeping department, were also questioned, as well as Mr. Walter F. Raven, former Assistant Manager and Office Manager of the bank. The latter admitted that at the time the bank closed its doors he had an overdraft of U.S. \$5,000 and M\$23,000. He also admitted that he had obtained these overdrafts in order to cover

his losses on gold bars. The session was adjourned until tomorrow morning, when counsel will make their addresses to the court, after a detailed questioning of Mr. Kleffel by Judge Dzien.

"Done No Wrong"

One of the first questions asked Mr. Hough by Judge Dzien after the former went into the witness stand was whether or not he had discovered in his duties as liquidator of the bank that Mr. Kleffel had done "any wrong."

"He had done no wrong," came the prompt reply and then Mr. Hough added that at the time the bank closed its doors he owed no money to the bank, but had \$27,-

000 in the bank as well as holding stock in the organization.

Mr. Hough then pointed out that at the time of signing the complaint he was not under an impression that criminal charges were to be brought against Mr. Kleffel. He admitted knowing the nature of the first complaint, that it was in connection with money missing from safe-keeping vaults. Mr. Hough stated that he had learnt that \$20,000 was missing from the vaults on June 5, when he broke the seals which had been placed on the vaults by the U.S. authorities. He did not inquire from Mr. Kleffel regarding the matter at the time, as then he did not know of the two safe-keeping accounts, but just checked contents of vaults.

He first learned of the safe-keeping accounts sometime later when he was notified by Mr. Henry Young by letter that he had a safe-keeping account with the bank. At this stage Mr. Hough stated he made inquiries from Mr. Kleffel, who told him that he (Kleffel) had found out about it himself when the bank closed, was surprised and did not know what to do about it. According to Mr. Hough, Mr. Kleffel did not know at the time how the money was

missing from safe-keeping, but when the matter was gone into, details came up.

Mr. Hough stated that he did find a receipt for deposit on call in the vaults in lieu of cash and pointed out that on the books of the bank the deposit was carried as a deposit on call. Upon being asked whether the General Manager should be held responsible for the irregularity, Mr. Hough replied, "Not unless he personally participated in handling money."

Little Or No Security

A list of several of the large debtors of the bank, which had been prepared by the liquidator's staff upon the request of Mr. Bryan, was then produced.

"Loans were made by the accused on little or no security?" questioned Judge Dzien.

"I wouldn't say that the accused loaned this money without conference with other people over him in the bank," came the reply.

Judge: Was this the usual procedure?

Mr. Hough: Policy of the A.-O.B.C. was considered by what was known as the "Executive Council."

Judge: Did they know they were losing the money?

Mr. Hough: I can't make a statement that they had a policy to lose money.

Judge: Can you express an opinion whether on general procedure they would lose money?

Mr. Hough: It is hard to give an opinion.

Mr. Hough then confirmed that Mr. Walter F. Raven, Assistant Manager of the bank had an overdraft of U.S. \$6,000 and M.\$29,600 at the time the bank closed its doors. There was no security for these loans and nothing had been collected on them since.

Defence Examination

Dr. Grossman, who is appearing for Mr. Kleffel together with Dr. D. S. Chen, then took up the examination of Mr. Hough.

Dr. Grossman: Did you hold Mr. Kleffel responsible for these irregularities?

Mr. Hough: In the beginning naturally.

Dr. Grossman: At the time you signed the testimonial for Mr. Kleffel you knew of the irregularities? (Referring to a testimonial dated November 25, last, signed by Mr. Hough).

Mr. Hough: Yes.

Dr. Grossman: There were other irregularities in the bank?

Mr. Hough: Yes. They were all investigated to the finish to find out if anybody could be held responsible.

Dr. Grossman: Had you found that anything criminal had been done by Mr. Kleffel?

Mr. Hough No.

Dr. Grossman: If you had found that something criminal had been done by Mr. Kleffel, would you have hesitated to file a complaint?

Mr. Hough: Absolutely no.

Dr. Grossman: What is your opinion, was it a mistake?

Mr. Hough: In my opinion there have been irregularities committed in these two accounts.

Dr. Grossman: If they were irregularities, who may have received an advantage?

Mr. Hough: It is hard to state. In the case of Young (\$20,000) Huang, the compradore had a distinctive advantage. He was a friend of Mr. Young and had received the \$20,000, for which he gave the bank a note. If he knew that it was to be a safe-keeping account, it had to be deposited like in a bonded warehouse.

Dr. Grossman: What is your

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opinion in the case of the Epport transaction?

Mr. Hough: The Epport transaction is a bookkeeping transaction of the bank. It is hard to determine what individual would benefit by the transaction or whether a mistake had been made.

Dr. Grossman: Is the comradore indebted to the bank?

Mr. Hough: He is.

At a previous hearing Mr. Dick Huang the comradore and Mr. U. S. Tsu, who was in charge of the safe-keeping department, testified that Mr. Kleffel had instructed the money in question to be put in the call deposit account instead of the safe-keeping account.

List Of Large Debtors

At this stage of the hearing Mr. Bryan took up the cross-examination of Mr. Hough and brought into evidence the fact that several firms owed large sums of money to the bank against which there was very little security and the liquidator had managed to collect very little on the accounts.

Mr. Hough testified that Harkling Import and Export Company had an overdraft of \$2,508,260.59 on motor cars and trucks and on which he had managed to collect about \$400,000. Mr. Grossman objected to this being brought into evidence, but was over-ruled. Mr. Bryan then asked what the liquidator thought the security was worth and was told by Mr. Hough that the latter hoped to collect \$750,000 on the account.

Evidence was given that the Nichols Super Yarn and Carpet Company had an overdraft of \$1,165,628.68. Dick Huang, the comradore owed the bank \$244,885.61, which was secured by the bank's own shares, which at the present time had no value. The Asia Realty Company had \$1,026,268.47 advanced to them on second mortgage on two lots of land, which had already been mortgaged with the Yangtze Insurance Company to secure debentures. This loan could not be liquidated, testified Mr. Hough.

until the debentures were satisfied. Eddie and Company owed the bank \$465,000 on which the liquidator had not managed to collect

anything. According to him the security had little value. Robert Lang owed the bank \$599,713.89. At the close of this evidence another objection was put in by Dr. Grossman on the grounds that the testimony was irrelevant.

Cashier Called

Mr. L. Fiengold, the former cashier of the bank, was then called and questioned regarding the various procedure followed in the bank. He stated that all monies received during the day by the receiving teller were handed over to the comradore. Part of this was deposited in local banks under the name of A.-O.B.C., part in native banks under the comradore's name and the balance was kept in the vaults.

Questioned on the point of the two deposits, Mr. Fiengold stated that he had signed "call-deposit receipt" with Mr. Tsu. He knew the Epport case as call deposit and only after the closure of the bank he found out the irregularity.

Mr. Huang, the comradore, and Mr. Tsu, the safe-keeping department head, were then questioned shortly, but both could not identify the handwriting or the signature on the back of the Epport check.

Lost Money

Mr. Walter F. Raven admitted that he had borrowed U.S. \$6,000 and M\$29,000. He had lost the money in speculating on gold bars, which he had done through the comradore. When his margin ran out Mr. Raven stated that he used to give Mr. Huang checks to cover himself. New evidence was then brought in, the judge asking whether Mr. Raven knew of the Sino-Continental Company, formerly operated by Mr. Kleffel's brother and upon his death run by his wife, aided by Mr. Julius Kleffel. Mr. Raven stated that he heard of same, but was not sure if it was correct. He stated that he did not know if the company speculated in gold bars.

Mr. Raven replied in the affirmative when asked whether Mr. Kleffel speculated in gold bars. At this stage Dr. Grossman wanted to put in an exhibit showing Mr. Kleffel's account with Mr. Huang, which had been all paid off.

Kleffel Questioned

Mr. Kleffel upon being called to the stand stated that he had invited Mr. Huang to work with the A.-O.B.C. as he had previously worked with him in the Asia Banking Corporation. Mr. Kleffel then stated that during April and May he had, upon the request of Mr. Raven and the executive counsel, asked Mr. Huang to place loans with other banks.

Mr. Kleffel was then questioned regarding the loans obtained on \$82,000 shares of the Power Company and \$40,000 Chinese Government Bonds. Here Mr. Kleffel seemed to lose control of himself and pointed out that he had asked Mr. Huang to obtain loans, but not on these shares which belonged to the bank's clients. When Mr. Huang came to him, he said, and stated that he could obtain loans, he thought he could do so on shares and land which the bank could use. However, when he learned what Mr. Huang had hypothecated, he had immediately raised money and had the shares returned to the bank. "The shares were mortgaged for just overnight," he contended. "And then without my knowledge."

Mr. Kleffel further in his evidence stated that he had always great confidence, in Mr. Huang and never had reason to suspect him until the bank closed.

Towards the close of the session a photostatic copy of a letter sent to Mr. Huang by Mrs. Kleffel on April 30, was produced. The letter was follows:

Dear Mr. Huang:

I wish there was some way I could adequately express the appreciation of both Julius and myself for your very splendid work in the bank these last few days. You realize how very trying they have been on everyone. Julius says over and over again what would he do without you. We are thankful he does not have to do without you. Your support is just priceless. You seem to be the answer to one's prayers the way you have handled this last situation. You don't know what a comfort it is to have you. You are resourceful beyond words and that is so necessary just now.

I just felt as though I, who share Julius' worries a bit too, must write this note, which so poorly expresses what we both think of you. You can't realize or know how deeply grateful he is.

Yours most sincerely,

ESTHER R. KLEFFEL.

April 30, 1935.

THE SHANGHAI TIMES, FRIDAY, FEBRUARY 21, 1936

KLEFFEL'S TRIAL IS ADJOURNED

Former A.-O.B.C. Chief
Faces Three Serious
Criminal Charges

The trial of Mr. Julius Kleffel, German, former Manager and Vice-President of the now defunct American-Oriental Banking Corporation was adjourned sine die yesterday morning upon the request of the prosecution.

The third session of the trial was originally scheduled to come up before Judge Dzien in the First Special District Court yesterday afternoon; however, the charge sheet was brought up for endorsement before Judge Feng in the morning and upon the request of the prosecution an adjournment sine die was granted.

Mr. Kleffel is facing charges of misappropriation, fraud and breach of confidence under Articles 336, 339 and 342 of the Chinese Government Criminal Code. According to the prosecution he is alleged to have embezzled \$20,000 from Mr. Henry Young and \$12,000 from Mr. M. M. Eppert, sums placed in the bank before it closed on May 24, last, for safe-keeping.

When the bank closed it was discovered that the two sums in question had been converted to "call-account." It is alleged by the prosecution that the conversion was done with the approval of Mr. Kleffel. Contradictory evidence was given at the second session of the trial last week, when Mr. Kleffel emphatically denied knowledge of the two deposits, while the former comprador and a former Chinese head of the "safe-keeping" department alleged that Mr. Kleffel approved the same. Mr. Walter Francis Raven, nephew of Mr. Frank Jay Raven who is now on his way to serve a sentence for embezzlement and fraud at McNeill's Island, was one of the witnesses for Mr. Kleffel.

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21 FEB 1936

Third Hearing Of Case Against Kleffel Today

Former A.O. Bank Man-
ager To Appear In
Court 2 P.M.

The third hearing in the action against Mr. Julius Kleffel, former Managing Director and Vice-President of the American-Oriental Banking Corporation, who has been charged with embezzlement, fraud and breach of confidence, will be held before Judge Tsien in the First Special District Court this afternoon. The hearing is scheduled to start at 2 p.m.

Mr. Kleffel, who is of German nationality and subject to the jurisdiction of the First Special District Court, first appeared before the tribunal Tuesday, February 11, in answer to a summons charging him in criminal action under the Chinese Criminal Code. According to the charge, he is alleged to have embezzled \$20,000 from Mr. Henry Young and \$12,000 from Mr. M. M. Eppert, sums placed in the bank before it closed down last year for the purpose of safe-keeping.

It is alleged that the funds, instead of being placed in safe-keeping, were converted to the "call deposit" account, and had disappeared when the liquidator, Mr. Frank L. Hough, took over the business of liquidation of the bank early last June. The deposits are alleged to have been placed in safe-keeping in April of 1935, about one month before the bank closed its doors.

During the course of the first two hearings, slips and receipts, showing that the two specified sums had been placed in safe-keeping, were entered in evidence by Assistant Municipal Advocate Paul Y. Ru, as were ledger pages showing that the sums had later been diverted to the call account. Mr. Kleffel has denied the charges, maintaining that he knew nothing about the transactions and that diversion of the safe-keeping funds to call account was done without his knowledge. He maintained that he was a busy man and could not possibly keep account of all the deposits that had been handled by the bank.

Mr. Wang Yeh-zai, former comptroller of the bank, told the court that Mr. Kleffel had approved of the accounts; that he knew about them. Mr. Tsu Yu-soong, in charge of the safe-keeping accounts under Mr. Walter Francis Raven, former Assistant Manager, also stated that Mr. Kleffel knew about the accounts.

Testifying for the defense at the last hearing, held on Thursday, February 13, Mr. Walter Raven declared that as far as he knew, Mr. Kleffel did not know about the safe-keeping deposits. The witness, who is a nephew of Frank J. Raven, now en route to the U. S. Federal Prison at McNeill's Island to serve a five-year sentence for embezzlement and fraud, admitted taking the safe-keeping deposits, initialing the safe-keeping slips. He had nothing to do with the diversion of the two accounts to call account, he said, and knew nothing about it until after the bank had closed down.

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KLEFFEL APPEARS IN CHINESE COURT

A.-O.B.C.'s Former Manager Posts Bond For \$20,000

MISAPPROPRIATION IS CHARGED

Mr. J. Kleffel, German, former Manager and Vice-President of the now defunct American-Oriental Banking Corporation, was placed under a \$20,000 bond yesterday in the First Special District Court after he had been charged with misappropriation, fraud and breach of confidence under Articles 336, 339 and 342 of the Chinese Criminal Code. He posted the necessary bail and was ordered to appear before the court on Thursday for trial.

The former A.-O.B.C. manager appeared in the Chinese court yesterday afternoon to answer a summons served last Saturday. He is alleged to have misappropriated \$32,000 that was placed in the bank for safekeeping, the complaining witnesses being Messrs. H. Young and M. M. Epport, and Mr. Frank L. Hough, the last of whom is liquidator of the bank. Only Mr. Young appeared yesterday, however.

The charge is: "For that he, whilst performing his duty as general manager of the American-Oriental Banking Corporation did, on April 4, 1935, and April 10, 1935, embezzle or otherwise misappropriate sums of money that were deposited with the bank under safekeeping, to wit, \$20,000 from Mr. Henry Wong and \$12,000 from Mr. M. M. Epport."

Charge Denied

At the beginning of the session Mr. Paul Y. Ru, Assistant Municipal Advocate, who handles the prosecution, and Mr. Robert T. Bryan, Jr., Municipal Advocate, appeared in court. Mr. Bryan took no actual part in the case, but followed every word that was said. Mr. A. Grossman appeared for the defence.

Mr. Kleffel, who arrived with Mr. A. H. Driscoll, former Raven Trust Company official, denied the allegations, saying that he could not be held responsible for the reason that he had no knowledge of the two accounts. There were many such accounts, he said, and it was not possible for a man to keep track of all of them.

Mr. Ru declared that Mr. Kleffel was responsible as he was General Manager and Vice-President of the firm. Mr. Ru had documents and books to prove the accounts were opened by Young and Epport and that the money had been put in the bank.

Evidence was in the form of two envelopes used for such safekeeping accounts, one made to Mr. Young, one to Mr. Epport, the amounts specified on each. Photostatic copies of receipts and several other documents were also produced.

Mr. Ru said that the money received, instead of being put in safekeeping, was put in the call account ledger, and that this act constituted a breach of confidence.

*Sh. (brune)
Information.*

File

*J.H.G.
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THE NORTH-CHINA DAILY NEWS, WEDNESDAY, FEBRUARY 19, 1936

THE RAVEN CASE

Some Suggestions

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR,—Now that the prisoners in this case are on their way to America, the point arises in my mind as to what steps, if any, should be taken to deal with the disclosures which the hearing of that case produced. It must not be forgotten that the public put its money into the Raven concerns because of its belief that those concerns were under proper direction. In that connection it is well to recall Judge Helmick's recent remarks on the responsibility of directors. This and other questions might well be considered, and it surely is desirable that the authorities who are charged with the duty of protecting the public in this matter should make some announcement as to whether it is possible and desirable to take steps to prevent the recurrence of such a financial disaster as that which took place last May. A public statement would, I am sure, be appreciated by all concerned.

LOSER.

Shanghai, Feb. 17.

*A.S. (Crime)
Information.*

*MPH
20 FEB 1936*



Raven And Brown Leave For Penitentiary To-day

Convicted Men Being Taken From Here In Custody
Of The Captain Of The President McKinley;
Brinson Believed Leaving In Same Ship

When the s.s. President McKinley pulls out of the harbour this afternoon, bound for Seattle via Japan ports, she will have on board, in addition to her regular passengers, two prisoners. Mr. Frank J. Raven and Mr. J. Warner Brown, who are to be conveyed to the Federal Penitentiary at McNeill's Island to serve sentences of five years and two years, respectively, for embezzlement and fraud.

Sentences on the two men were passed in the United States Court for China on February 3 after a trial which lasted one month. Since that date, the men have been confined in the Ward Road Gaol awaiting transportation to Seattle.

They will be taken to the shores of America in the custody of Captain Clyde F. Bryant, commander of the President McKinley, who will be sworn as a Special Deputy in the office of the U.S. Marshal for China, Mr. Edward L. Faupel, this morning. The McKinley is expected to sail some time this afternoon and the convicted men will be taken on board at about noon.

Pastor Seeks Interview

An unusual visitor to the office of the U. S. Marshal yesterday morning was Mr. Emery W. Luccock, Pastor of the Community Church, at which, throughout his long residence in Shanghai, Mr. Raven worshipped regularly every Sunday morning.

Mr. Luccock called on Mr. Faupel to ask permission to pay a last visit to Mr. Raven at the Ward Road Gaol and this was readily granted.

Whether Mr. Raven and Mr. Brown will be locked up on board the President McKinley during the voyage to Seattle could not be definitely ascertained yesterday.

"The amount of liberty they will enjoy," Mr. Faupel said, "will depend entirely upon their behaviour and the inclination of Captain Bryant."

Both men will commence serving their sentences immediately on arrival in the United States. The McNeill's Island penitentiary is located in Puget Sound, close to Seattle. Mr. Raven has appealed against his sentence, but Mr. Brown, after bail had been denied by Judge Milton J. Helmick, withdrew his appeal. He will be eligible for parole after a third of his two-year sentence has been served.

Brinson Also Leaving

It is understood that among the passengers sailing to-day on the President McKinley is Mr. Eugene Brinson, the young American who was convicted last week of participation in a plot last August to liberate Joseph Walden, convicted espionage agent, from his prison cell in Wuchang. Brinson was sentenced to pay a fine of U.S. \$500 and, in addition, was given a suspended sentence of six months' imprisonment.

In sentencing Brinson, Judge Helmick remarked that it would be a good thing if he left Shanghai.

File
JWC
19 FEB. 1936

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PRISONERS SAIL FOR THE STATES



Three prisoners were put on board the Dollar liner President McKinley by the local United States authorities yesterday afternoon when the liner cleared for Seattle. Two of the men, Mr. Frank Jay Raven and Mr. J. Warner Brown, had been recently convicted in the U. S. Court here, while the third was Mr. J. Garland Ogden, being extradited to stand trial in Memphis, Tennessee. A large number of friends came to see Raven and Brown off on their journey to McNeill's Island penitentiary. Upper picture shows Mr. Raven with his young son and Mrs. E. G. Clarke. Lower left is Mr. Brown and lower right is Mr. Ogden with United States Marshal, Mr. Edward L. Faupel. [A. Krause.]

Dismal Farewell Scene As Raven And Brown Depart

Locked Up In Cells On The President McKinley For The Trip To Seattle; Ogden, Wanted In Memphis, Sent Home On The Same Vessel

One of the most dismal farewell scenes ever witnessed in Shanghai was enacted at the Customs Jetty yesterday afternoon, when friends of Mr. Frank J. Raven and Mr. J. Warner Brown, gathered to see them off on the tender for the Dollar liner, s.s. President McKinley, which is conveying the two men to the United States, where, in the Federal Penitentiary at McNeill's Island, they are to serve prison sentences for embezzlement and fraud.

Tried before Judge Milton J. Helmick in the United States Court for China, Mr. Raven was given a five-year sentence, while Mr. Brown was given two years. Sentence was pronounced on February 3, and until yesterday afternoon the two men were confined in the Ward Road Gaol.

At 2.30 p.m. they were taken from their cells and placed in a prisoners' van. Accompanied by Mr. Edward L. Faupel, United States Marshal, Mr. Arthur Petersen, Deputy Marshal, and two uniformed men of the Shanghai Municipal Police, they were driven to the Customs Jetty, to be placed on board the last tender, which was due to leave for the President McKinley at 3 p.m.

Police On Hand
Each carrying a small suitcase, their bulkier belongings having been sent on ahead, the two convicted men stepped from the van and were ushered aboard the tender. Large numbers of police and plain-clothes detectives were on hand in view of rumours having been circulated to the effect that irate creditors of the defunct Raven enterprises, the closure of which led to the arraignment and conviction of Messrs. Raven and Brown, might attempt some sort of disturbance. No untoward incidents occurred, however.

A bleak north wind whirled across the Jetty as the two men shook hands for the last time with friends and well-wishers before boarding the tender. Both were visibly moved by the warming presence of friends but their faces evidenced the strain which prospects of their unhappy journey back to their native land had imposed upon them.

Mr. George Fitch, of the Foreign Y.M.C.A. and Mr. Emory W. Luccock, Pastor of the Community Church, were among those on hand to bid them farewell. Very few friends went down river, however, and during the course of the brief trip to the vessel that is conveying them to the penitentiary.

Mr. Raven spent most of the time in earnest conversation with his son, all the while under the watchful eyes of the United States Marshal and his Deputy.

No Statements To Make

Approached by a "Shanghai Times" reporter, neither of the men had any statement to make. On arrival at the President McKinley, they were immediately locked up in cells in the ship's hospital, which are used for housing prisoners when so required. They will travel to Seattle in the custody of Captain Clyde F. Bryant, commander of the vessel. Each man occupied a cell to himself and before the tender left the ship they were to be observed peering out from the small portholes, taking what may be their last glimpses of Shanghai.

The McKinley did not get under way until after four o'clock. Mr. Raven's son, and one or two close friends of the convicted men, remained on board until the tender left. Last greetings were exchanged through the bars of the prison cells.

Another Prisoner

A third prisoner was also on board in the person of Mr. J. Garland Ogden, a stock broker of Memphis, Tennessee, who was

arrested here last Saturday on a telegraphic warrant. Mr. Ogden is wanted in Memphis on charges similar to those which have sent Mr. Raven and Mr. Brown to the penitentiary.

This prisoner, 28 years old, was of much more cheerful disposition than his two colleagues in adversity, however, and joked with everyone on the tender going down to the ship. Not at all averse to making a statement, he said he would be glad to set foot on home soil again.

"I can only wish that it might have taken place under different circumstances," he added with a gay laugh. Mr. Ogden was also given a cell to himself and at intervals thrust his head through the small porthole and carried on

a bantering conversation with the people on the pontoon and tender. **Has Picture Taken**

"Can I take a picture?" a photographer shouted.

"Sure, go ahead—sorry I can't give you a better pose!" the reply came back from the head jutting out of the iron-clad side of the ship.

A few minutes later the tender's siren shrieked. Handkerchiefs waved. Tears coursed down saddened faces. Two well-known Shanghai figures were on their way to the penitentiary, accompanied by a prospective convict who, according to his last words, hopes to see Shanghai again some day.

U.S. B. D. 6748
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SHANGHAI
S. B. D.

THE SHANGHAI SUNDAY TIMES, FEBRUARY 16, 1936

RAVEN AND BROWN TO LEAVE TO-MORROW

Captain Of President
McKinley To Escort
Men To Seattle

The career in Shanghai of Mr. Frank J. Raven and Mr. J. Warner Brown, president and vice-president, respectively, of the defunct American-Oriental Finance Corporation, will end at midnight to-morrow when they are escorted to the s.s. President McKinley from Ward Road Gaol for conveyance to the United States, where, in the Federal penitentiary at McNeill's Island, they are to serve terms of imprisonment for embezzlement and fraud.

Contrary to ill-informed reports recently published, the convicted men will not be transported to the United States in the custody of Mr. C. J. Haley, one of the star witnesses for the prosecution in the lengthy trial which ended in the U.S. Court for China on February 3. Mr. Haley and Mr. C. C. Curtis, another of the prosecution witnesses, sailed for the United States yesterday morning in the s.s. President Taft.

Captain As Deputy

The Special Deputy Marshal who will escort the prisoners to Seattle will be Captain Clyde F. Bryant, commander of the s.s. President McKinley, it was officially stated yesterday.

Mr. Raven, who was given five years' imprisonment, has lodged an appeal against his sentence with the San Francisco Circuit Court of Appeals. Mr. Brown, with a sentence of two years, also gave notice of appeal, but withdrew it after Judge Helmick refused to grant bail pending the appellate court hearing.

The convicted men were found guilty of embezzlement and fraud in connection with the handling of fully-paid securities belonging to customers of the American-Oriental Finance Corporation. Instead of placing these securities in safekeeping, the A.-O.F.C. pledged them in a margin account with E. A. Pierce and Company, San Francisco, thus employing them as collateral for its own stock market transactions.

When the A.-O.F.C. crashed in April of last year, together with the affiliated Raven enterprises, Pierce and Company sold out these securities to satisfy the A.-O.F.C.'s indebtedness, with the result that customers of the A.-O.F.C., who believed that the securities were being held for them in safekeeping, were substantial losers.

Impassioned Address Is Made By The Defence At Julius Kleffel's Trial

Mr. W. F. Raven, Assistant Manager Of American-Oriental Banking Corporation, Undergoes A Gruelling Cross-Examination At Hearing

TESTIMONIAL SIGNED BY MR. HOUGH IN EVIDENCE—"ABOVE REPROACH"

The second session of the trial of Mr. J. Kleffel, German, former General Manager and Vice-President of the defunct American-Oriental Banking Corporation, in the First Special District Court yesterday afternoon on charges of misappropriation, fraud and breach of confidence, was opened with an impassioned address by the defence, pleading for fairness and begging the Court not to be influenced by the recent proceedings and judgment in the trial of F. J. Raven and J. Warner Brown in the United States Court for China.

The highlight of the session before Judge Dzien, which occupied over two-and-a-half hours, was the gruelling cross-examination of Mr. Walter Francis Raven, former Assistant Manager and Office Manager of the American-Oriental Banking Corporation, by Mr. Robert T. Bryan, Jr., Municipal Advocate. The prosecution is being conducted by Mr. Paul Y. Ru, Assistant Municipal Advocate, with Mr. Bryan having been watching the proceedings since the start. Yesterday, however, Mr. Bryan took an active part in the proceedings and, with the permission of the Court, questioned Mr. Raven trying to elicit the reason why, if the two transactions, owing to which Mr. Kleffel is now facing criminal charges, were irregular, they had not been referred to Mr. Kleffel for signature. These questions were put after Mr. Raven, a witness called by the defence, had told the Court that any transactions not in the regular routine of the bank had always been referred to Mr. Kleffel for signature.

Mr. Kleffel, when arraigned before the Court last Tuesday, pleaded not guilty to the charges framed against him and stated that, up to the time the bank closed on the morning of May 24 last, he had no knowledge of the two accounts forming the basis of the charges. Yesterday, however, Mr. Huang Yeh-zai, the comprador of the defunct bank, stated on the witness stand that upon accepting a deposit of \$20,000 from a Mr. Henry Young on April 8 last, to be put in the safe-keeping account, he made out a deposit slip and took it to Mr. Kleffel. Mr. Tsu Yu-soong, chief of the safe-keeping department also testified yesterday that he received the same receipt from Mr. Kleffel.

Another highlight of yesterday's proceedings was the introduction of an important and rather a surprising exhibit in view of the prosecution having been instituted by Mr. Frank L. Hough, liquidator of the bank, in addition to the two other complainants, who had lost their money, due to the alleged misappropriation, fraud and breach of confidence. The exhibit put in was a testimonial signed by Mr. Hough on November 25 last, in his capacity as liquidator of the Bank, in which he stated that Mr. Kleffel's "personal position was above reproach and that he owed no monies nor was he obligated to the Bank in any way."

The charge against Mr. Kleffel is: "For that he, whilst performing

his duty as General Manager of the American-Oriental Banking Corporation, did, on April 8, 1935, and April 10, 1935, embezzle or otherwise misappropriate sums of money that were deposited with the Bank under safekeeping, to wit, \$20,000 from Henry Young and \$12,000 from Mr. M. M. Epport."

Defence Address

At the opening of the trial, Mr. Walter Francis Raven, who had been waiting outside the courtroom, was called in, but before he went on the witness stand, Dr. D. S. Chen, who is appearing for the defence together with Dr. Grossman, made an impassioned address to the Court. The address follows:

"In this case our client is charged with misappropriation under Article 336, paragraph 2, and the prosecution alleges that there is sufficient evidence to prove that in both cases the alleged crimes were committed on instructions of the accused, allegedly given to the witness, Tsu, and that the said accused had guilty knowledge of the fact that such crimes were committed.

"I shall refrain myself to comment on the charge at the present time. I shall do so during my final arguments and I reserve for myself to make at that time all the legal and moral comments which may seem fit.

"At the present time I want, however, to outline the defence as this prosecution is instituted in a heated atmosphere, after a rather sensational trial in another court, and it seems to me that the influence of this heated atmosphere as aforesaid must be certainly dispelled during this trial, if we have to look forth and to find out whether the defendant is guilty or not. I have to point out also that I have entire confidence in the wisdom of your Honour, that your Honour will find the right way and the right decision in this case.

Testimony Worthless

"The defence will show that the testimony of Tsu and Huang is worthless as on the face of the documents which the prosecution produced it is rather obvious that the responsibility of the first one is at the stake, and that the second one was and is heavily indebted to the Bank, and if somebody had some advantage from these transactions, that was Huang.

"The evidence will show, furthermore, that these two transactions are to be considered as quite unusual in the line of the defunct A.O.B.C., and that it was therefore necessary for the staff to ask for written instructions from the Defendant if the responsibility of the Defendant could be involved. No written instructions were asked for and Mr. Tsu, who is now the main witness of the prosecution, did not even find it worthwhile to have the respective slips and tickets okayed by his superior, whom he is now accusing of having given him instructions to handle these two cases wrongly.

"The evidence will show that this defendant was not even in the physical condition to have knowledge or even guilty knowledge of the fact that such irregularities have been committed, and that if such irregularities were found after the closure of the A.O.B.C., they have been done without any intention on the part of the Defendant.

"Above Reproach"

"We will show that after the affairs of the Bank have been closely examined by the Liquidator, Mr. Frank L. Hough, and his legal adviser, Dr. George Scllett, nothing has been found which will incriminate this Defendant and that according to the statements of the said Liquidator, the conduct of the Defendant, while being in this office and after in assisting the Liquidator, was always 'above reproach.'

"The evidence will show that the said Liquidator, even after this Defendant left his service, asked him to join him again and offered him, shortly before this prosecution was started (in December 1935), a position connected with considerable responsibility, as handling cash, etc.

"The evidence will show that this Defendant was not only never indebted to the Bank or to the Affiliated Companies, but he is one of the biggest losers of the defunct Raven group, as he and his immediate family had about \$27,000 worth of deposits in this Bank, which have not been withdrawn from the Bank, and that he entirely lost about \$200,000 by his holdings of stock in the Companies of the Raven Group.

"For all the above we offer the testimony of Walter Raven, a citizen of the United States of America, 433 Avenue Haig, Frank L. Hough, Liquidator of the A.O.B.C., citizen of the United States of America, Robert Dollar Building, 51 Canton Road, and L. Feingold, Cashier of the A.O.B.C., a Russian citizen, 15 Route Paul Henry, and we respectfully pray that these witness should be summoned by this Honourable Court to appear at the next hearing and to give testimony for the above.

"The evidence will show that the cash position of the Bank from April 6, 1935, up to the closure of the Bank was always such that \$20,000—or even \$32,000—never affected same seriously, and the possibility existed for the Bank, during the whole time, to clear this matter out if the Manager had knowledge of same."

Testimonial Letter

Following is the letter signed by Mr. Hough, given to Mr. Kleffel as a testimonial. It was written on A.O.B.C. letter head:

Nov. 25, 1935.

To whom it may concern:

Mr. Julius Kleffel, the holder of this letter and whose signature

appears below, has been connected for some years with the American-Oriental Banking Corporation as Vice-President and General Manager. On May 24, 1935, the officers sought relief in the United States Court by asking for the appointment of a Liquidator.

Upon my appointment, Mr. Kleffel offered me his services to assist me, which I accepted. I found Mr. Kleffel of great assistance to me in every department, and the wholehearted manner in which he gave me his services is indeed appreciated.

Upon investigation of the affairs of the Bank, I found that Mr. Kleffel's personal position was above reproach and that he owed no monies nor was he obligated to the Bank in any way.

Mr. Kleffel was compelled to leave me due to ill-health induced by the strain and worry of the closure of the Bank.

Yours Very Truly,
(Signed) Frank L. Hough,
Liquidator,
American-Oriental Banking
Corporation.

Signature of J. Kleffel.

Raven Takes Stand

Following the address of the defence, Mr. Ru made a short speech in which he pointed out that if the accused himself had not profited by the illegal transactions, a third person had benefited to the detriment of the two complainants. Referring to the testimonial letter put in as evidence by the defence, Mr. Ru contended that, in a way, it constituted a forgery, as the various details in it were supplied by members of his own staff.

Mr. Walter Francis Raven then took the stand. He stated he was an American citizen, 29 years old and residing at 433 Avenue Haig. He stated that he was assistant manager and office manager of the defunct A.C.B.C. In answer to questions put by Judge Drien, he said that anything out of the ordinary and regular routine of the Bank had to be initialled by Mr. Kleffel.

Giving examples, Mr. Raven stated that if Mr. Kleffel approved an overdraft, he would send a chit to the cashier; all letters which in any way related to the policy of the Bank had to be initialled by Mr. Kleffel, cheques above the overdraft amount were also always initialled by Mr. Kleffel, as well as all cash payments in connection with the bank expenses.

Asked whether Mr. Kleffel initialled all payments made by the Bank in the course of a day, Mr. Raven pointed out that same was impossible as hundreds and hundreds of cheques were cashed daily, however, Mr. Kleffel was always given a statement of the Bank's cash position at the end of each day. Mr. Raven stated that same was for Mr. Kleffel's reference only and that he did not believe that Mr. Kleffel initialled the report.

According to Mr. Raven, the compradore and the safe deposit department of the Bank were separate departments. Mr. Raven told the Court that he was in charge of the safe-keeping department, with a department head under him.

Signed Receipt

Mr. Raven told the Judge that he had signed the safe-deposit receipt in the name of Mr. Henry Young for \$20,000. This is one of the amounts which forms the basis of the charges against Mr. Kleffel. The amount was placed in a "Call-Deposit" account instead of the "Safe-Keeping Deposit" account as the receipt specified. Going over the usual procedure which was adopted when safe-keeping deposits were received, Mr. Raven stated that Mr. Tsu, head of the safe-keeping deposit department, would make all the arrangements with the customer and then come to him, with a receipt, which he (Mr. Raven) signed.

In reply to the Judge, Mr. Raven admitted that he never saw any cash or valuables which were taken into safe-keeping.

On what grounds, then, did you sign the the deposit receipt?—questioned the Judge.

Mr. Tsu was a responsible officer of the Bank and had been with the Bank for 15 years. He was a bonded man—was the quick rejoinder.

On April 8, Mr. Young brought \$20,000 in silver dollars to the Bank for safe-keeping, Mr. Tsu had obtained permission from Mr. Kleffel regarding accepting it, and then you signed the receipt?—Decidedly untrue.

"Mr. Tsu came to me with the request to accept for safe-keeping the silver dollars," stated Mr. Raven, "We had not been keeping any specie in safe-keeping, and I told Mr. Tsu how I felt about it and that other banks also did not accept such deposits of silver dollars. Mr. Tsu, however, mentioned that it was a special request of Mr. Dick Huang, the compradore, so I signed it, and that is all I know about it."

Signed As Should Have

Upon being asked why he had signed a safe-keeping deposit receipt when the money actually went into call-deposit, Mr. Raven stated that he signed as he should have done, as the money was supposed to go into the safe-keeping vault.

Upon being questioned whether he spoke with Mr. Kleffel regarding the matter, the witness replied that he had not, and added that Mr. Tsu and asked him to sign it and accept the deposit because the compradore had requested it. Giving his reasons for not wanting to accept the deposit in silver dollars, Mr. Raven pointed out that the Bank's vault was small.

Judge—You must have known that no actual cash went into the vault, but a receipt for a deposit on call?—How could I know? I never examined Tsu's vaults.

Judge—I do not believe that you are telling the truth, because if

Mr. Tsu was trusted as much as you say he was he would not have had to explain to you to have the deposit accepted.—I was against specie deposits.

Judge—In the case of the deposit of Mr. Epport, why did you sign the receipt?—Mr. Epport was an old customer of the Bank and he was frightened about the currency situation in China, and I wanted to help him.

Describing the procedure adopted in the Epport case, Mr. Raven said that Mr. Epport drew a cheque for \$12,000 and gave it to Mr. Tsu, who should have taken silver from the vaults and put it in the safe-keeping vault. Asked why he had not seen to it that same was carried out properly, Mr. Raven replied that he could not supervise everything himself and had to trust heads of departments.

Mistake Discovered

It was then put to Mr. Raven by the Judge that some time after Mr. Epport had transferred \$12,000 to safe-keeping, he called on Mr. Raven and asked if everything was all right Mr. Raven could not recall the visits.

Judge—You told him that everything was all right. To do so, you must have known that the money was in the safe-keeping vault?—I presumed that Mr. Tsu had carried out his duty and put the money in the safe-keeping vault. I did not actually see him put the \$20,000 there.

Judge—When did you hear that no cash was in the safe-keeping vault?—The Bank closed at 7 a.m. on May 24 last. At noon that day, Mr. Kleffel came to me in a state of great excitement and said, "My God, Walter! Do you know what those fools in the office have done?" I said "No." He then said, "They have changed the safe-keeping deposit to call deposit," and that was the first time I knew about it.

Mr. Raven then branded Mr. Tsu's evidence as an absolute lie. He pointed out that if a deposit went through the compradore, an officer of the Bank had to know about it. Tsu had to know, as he signed both the call and safe-keeping deposit receipts.

Judge—If the compradore wanted to embezzle the money, he could not do it alone; someone from the bank had to be involved?—Yes.

Tsu Suspected

At this stage, Mr. Ru took up the cross-examination of the witness.

Mr. Ru—Mr. Tsu has been with the Bank for about 15 years; he has a good record. Is he now under suspicion?—I certainly think that he must be the one who had done something wrong in the Bank. I might think that he made a mistake in the first place.

Upon being shown a stub of the deposit receipt issued to Mr. Young, Mr. Raven identified that the "C" deposit, meaning Call-Deposit, was written in Mr. Tsu's writing.

Dr. Grossman, counsel for the defence, than put in a question, "What kind of advantage would the compradore have in connection with this irregularity?"

Raven—Huang was pressed by Mr. Kleffel in April and in May to draw balances from Chinese banks. Huang, however, was against it, saying that the Bank would lose face. When the Bank closed, it was discovered that compradore had no balances Chinese banks. Huang would have, therefore, benefitted by the irregularity of having additional cash on hand when Mr. Kleffel called for it.

Bryan Cross-Examines

Mr. Raven was just getting off the stand when Mr. Bryan, putting on a lawyer's cloak over his overcoat, commenced his gruelling cross-examination.

Mr. Bryan—You said "C" Deposit was an unusual transaction?—I said transfer was an unusual transaction.

Mr. Bryan—You said when Mr. Tsu came to you that you did not want to accept the 20,000 silver dollars and that other banks did not do it?—Yes, very true.

Mr. Bryan—Then you did say it was unusual?—Wait a minute, Mr. Bryan, don't confuse my words; combining the two made an unusual transaction.

Mr. Bryan—Although it was an unusual transaction, you did not see fit to consult the General Manager?—I was deciding the policy on that point. I might add that in the case of the Young deposit, I did it at the special request of Mr. Huang, the compradore, and in the Epport case, I did go in to consult Mr. Kleffel.

Mr. Bryan—In the other case, you did consult the General Manager; why not in the first case?—It was only unusual because it was rare; as safe-keeping, it was all right.

Mr. Bryan—But you had never taken in silver dollars before?—No, but it was only an article put in safe-keeping.

Mr. Bryan—In the Epport case, you did consult Mr. Kleffel; why didn't you do so in the Young case?—I did it at the express request of the compradore, who had equal authority with Mr. Kleffel. He handled all Chinese business himself.

Mr. Bryan—So the compradore had equal authority with Mr. Kleffel?—I took Huang's word as much as Mr. Kleffel's in the line of Chinese business.

Chinese Business

Mr. Bryan—The reason why you did not consult Mr. Kleffel in the Young case was because it was Chinese business?—Yes.

Mr. Bryan—Is there any difference in the responsibility of the Bank in Chinese business and Russian business? (Laughter)—No.

Mr. Bryan—Any other reason why you did not consult Mr. Kleffel in the Young case other than that it was Chinese business?—Absolutely not.

Mr. Bryan—Mr. Tsu has been with the Bank for about 15 years; he has always been faithful and honest, as far as you know?—Yes.

Mr. Bryan—So far as you know, he has never been guilty of untruthfulness, and yet in this case

you make allegations which, to say the least, are irregular?—Well, on the face of it. His name appears on both the "C" deposit receipts.

Mr. Bryan—Why had you not checked the silver in the vaults?—Physical impossibility. The sum of \$20,000 silver is not a small matter.

Mr. Bryan—You did not think it worth investigating?—Every day there are \$20,000 deposits or more, and I did not check them.

Mr. Bryan—Wasn't it unusual that you did not see fit to report to the General Manager?—Unusual in the sense of rare, yes. Unusual in the form that the Bank never handled before, no.

Verbal Instructions

Mr. Tsu was then called into the Court for questioning.

Judge—Who gave you the receipt for safe-keeping?—Mr. Tai Feng.

Judge—To whom did you give the receipt afterwards and under what department?—To Mr. Chen. There was no clear division of departments.

Mr. Tsu was then asked to identify the signatures appearing on the receipt in connection with the Young deposit. He identified the upper signature as that of Mr. Huang, and the lower one as his own, adding that he had signed the receipt after consulting the General Manager.

Judge—Why did you not ask the General Manager to initial the receipt?—I am too small an officer of the Bank to insist on same.

Judge—Who checked the account of the Young deposit?—A German officer, who is now in Germany.

Mr. Kleffel was called up for questioning at this stage. He stated that the German referred to was a young man of 17 or 18 years of age, just out of school and put into the Bank as an apprentice to learn the business. Mr. Kleffel denied that he had sent anyone to check the safe deposit vaults in May of last year. Referring to the duties of the young German, Mr. Kleffel mentioned that the young man had to see that anything that came in for safe-keeping was to go into the vaults, and when he found it to be correct, he was to initial the ledger. He had initialled the entry opposite the Young account that a "C" deposit slip had gone into the vaults.

"Absolute Lie"

Mr. Kleffel pointed out that in the 12 months that the young German had worked in the Bank, he had only spoken to him twice.

Judge—Tsu said when the young German saw the entry in the Young account, he refused to initial it, but went to see you.—That is an absolute lie.

Upon being questioned about the Epport account, Mr. Kleffel stated that if Mr. Raven had come to see him about it, which he could not recollect, he came to see him about the specie question and not about transferring the amount from safe-keeping account to call deposit.

Questioned as to what he considered should be referred to him, Mr. Kleffel replied that anything that any member of the staff thought was above his authority was brought for his signature. Especially, pointed out Mr. Kleffel, Mr. Tsu, as he now says, if he saw something was irregular, he should have brought it to me for signature.

Compradore Testifies

Mr. Dick Huang, the compradore of the Bank, was then called to testify. He stated that Mr. Young had deposited \$20,000 with the Bank on April 8, last and that the money was put in call deposit, but he took it and gave it to the Bank of China. He was asked a number of questions on that point.

Mr. Huang then said that he had put up \$105,000 as bond to Bank and added that he owed over \$110,000 to the Bank. He then admitted that he had signed the Young deposit receipt, but later gave it to the General Manager.

Mr. Huang then stated that usually about \$110,000 was under his care. He received the money during the day and handed it to the Bank at night.

Judge—I suppose when you received the \$20,000 Young deposit,

you must have paid the money out?—Yes, part of it to my native bank under my name. Should the native bank have closed, I would have been responsible for the money.

Mr. Kleffel then was questioned on the point of the compradore's guarantee and pointed out that same was in U.S.\$40,000 par value American-Oriental Banking Corporation shares. At the closure of the Bank, the compradore owed the Bank over \$100,000.

Judge—That about equals his guarantee?

Mr. Kleffel—The shares have no value now, with the Bank closed. Then there is a difference. One was security and the other was a trust fund.

Judge—Mr. Raven said that at

the end of April and in May, the Bank was badly in need of money?

Mr. Kleffel—We were pressed.

At this stage, Judge Dzien adjourned the hearing until 2 p.m. next Thursday. Mr. Kleffel was allowed to remain on \$20,000 cash bail.

COMMUNICATIONS
FEB 13 1936
D. 6718

Haley, Prosecution Witness May Take Raven, Brown To Jail

Auditor Being Considered For Job As Deputy- Marshal To Look After Two Bankers On Journey To McNeill's Island

That Mr. Cletus J. Haley, United States Government auditor, and perhaps the most important prosecution witness in the recent Raven trial, is being considered as the man to take custody of Frank J. Raven and J. Warner Brown, former American-Oriental Finance Corporation officials, during their trip across the Pacific to the Federal Prison at McNeill's Island, was learned by a CHINA PRESS reporter yesterday afternoon.

Both Raven and Brown are now in Ward Road Jail, awaiting transportation back to the United States and McNeill's Island where they will enter the Federal Prison to serve five and two year sentences respectively, having been convicted by Judge Milton J. Helmick in the United States Court for China 10 days ago on seven counts of embezzlement and fraud.

It is not yet definite as to whether Mr. Haley will be sworn in as Deputy U. S. Marshal and given custody of the two men. U. S. Marshal Edward Faupel stated yesterday that he discussed the matter with Mr. Haley and the latter had expressed his willingness to take the job. The Marshal stated that he was yet undecided as to what to do about the matter but would have a definite statement to make in a day or two.

Mr. Haley had ordinarily expected to leave Shanghai for San Francisco

on Saturday, February 15. The two prisoners are to sail for the United States on the President McKinley leaving this port on February 18. Inasmuch as Mr. Haley is a United States Government official, and is returning to America anyway, it is felt that it might be a wise move to place the prisoners in his charge rather than to hand them over into the custody of the Captain of the ship. Under Mr. Haley's care, it is felt that the prisoners would have more freedom of movement on board ship and that it will not be necessary to keep them locked in their staterooms. It also will be possible under such arrangement to provide them with good staterooms.

Mr. Haley came to Shanghai last November for the express purpose of testifying for the prosecution against Messrs. Raven and Brown. He was a former employee of the A.O.F.C. and testified that he had made a report, giving copies to both Raven and Brown to the effect that shares purchased by customers for safe-keeping should be placed in safe-keeping. The report also pointed out that in case something should happen to the concern, officials would be "wide open to legal action." His report was one of the strong points produced in evidence.

He testified, however, that he bore no ill-will toward either Raven or Brown and that his associations with them had been friendly.

7/2

Raven Likely To Sail With Brown To U. S.

Former A.O.F.C. Head Not Expected To Drop Appeal

Mr. Frank J. Raven, former President of the American-Oriental Finance Corporation, now in liquidation, sentenced to five years' imprisonment for embezzlement and fraud, will, in all probability, sail for the United States and the Federal prison at McNeill's Island, Puget Sound, on the Dollar liner President McKinley.

This information was obtained yesterday afternoon after it was learned that Mr. Raven had not withdrawn his notice of appeal, and probably would not do so. It was stated that inasmuch as bail had been denied by Judge Milton J. Helmick of the United States Court for China, he would most likely sail on the same boat that is to take his former associate, Mr. John Warner Brown, to America and the same penitentiary. Mr. Brown was tried in the United States Court for China on the same charges and sentenced to two years' imprisonment.

Notices of appeal were filed by Mr. C. Franklin, attorney for the two men, a week ago. At the same time, motion for bail also was filed. The motion was denied and

last Saturday. Mr. Brown withdrew his appeal.

The United States Court for China is scheduled to leave for Canton on the President Hoover this morning. Departure was delayed one day owing to the late arrival of the Hoover in this city. The court is expected to return to Shanghai in about two weeks and will shortly thereafter leave for Tientsin for the trial of Dr. John Colbert, accused of having attempted to murder his wife by administering poison to her over a long period.

The two principal cases to be heard in Canton are the Banque de l'Indo-Chine vs. Paget and the National City Bank of New York vs. Hashim. The first involves the complicated estate of the late Mr. Charles Souders Paget, who died on July 26, 1933. He left no will and his widow applied for administration of the estate on behalf of herself and her three children. There are two mortgages against real estate left by Mr. Paget, one of which is claimed by the Banque de l'Indo-Chine. The second case concerns foreclosure of mortgage.

File
MS
12 FEB. 1930

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6701

**APPEAL WITHDRAWN
BY J. W. BROWN**

**Likely to Leave for U.S. on
February 18**

John Warner Brown, who a week ago was sentenced to two years imprisonment on McNeill's Island by Judge Milton J. Helmick in the U.S. Court for China on seven counts of embezzlement and false pretences in connection with the transactions of the defunct American Oriental Finance Corporation, yesterday withdrew his appeal to the Circuit Court of Appeals in San Francisco.

His move followed close on the decision of Judge Helmick on Friday denying bail to him and his co-defendant, F. J. Raven, who was sentenced to five years.

American Court officials said yesterday that probably Brown would be sent to America on February 18 in the ss. President McKinley, which goes to Seattle, where the Federal penitentiary is located. He is not as yet certain as to who will be deputed to make the trip with Brown to America.

Mr. Raven made no announcement yesterday as regards his appeal.

File
JWB
77 FEB. 1936

11/2

MUNICIPAL COURT
REGISTRY
6748
10 2 36

Kleffel Cited To Tell Court Of \$20,000 In A.O.B.C. Boxes

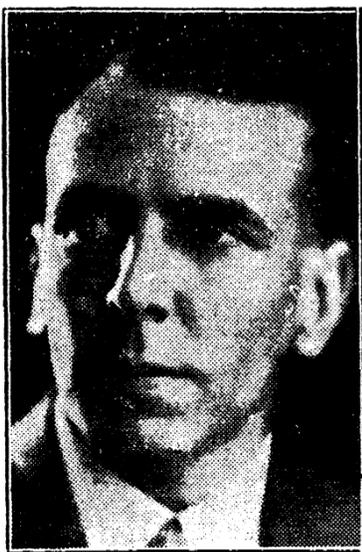
German Bank Manager Called To Chinese Tribunal Tuesday

Mr. J. Kleffel, former Vice-President and General Manager of the defunct American-Oriental Banking Corporation, now in process of liquidation, has been summoned to appear before the First Special District Court on Tuesday, February 11, for hearing in connection with certain money alleged to have been missing from the bank at the time it was taken over by Mr. Frank L. Hough, liquidator, last June.

This information was obtained by a CHINA PRESS reporter yesterday morning after summons had been served by an official of the Shanghai Municipal Police. The summons was issued under the Chinese Criminal Code in accordance with provisions in which an involved person can be summoned to appear before the court rather than brought before the tribunal on a writ of detention. The present case involves a sum of approximately \$20,000, alleged to have been placed in the bank for safe-keeping purposes.

Except for the fact that Mr. Frank L. Hough signed the complaint, no further details of the case could be obtained. Serving of summons and the date set for hearing, however, were definitely confirmed. Mr. Kleffel, being of German nationality, is subject to the jurisdiction of the First Special District Court.

Mr. Kleffel was manager of the American-Oriental Bank for several years and is well-known in practically all foreign communities of Shanghai. He was with the bank for more than a decade, starting in



J. Kleffel

a minor capacity and later working up to the post of Vice-President and General Manager. It is stated that he lost heavily of his own funds when the bank closed its doors.

He has resided in the Far East for many years, coming here from Japan at the conclusion of the World War where he had been interned in a Japanese prison camp.

During his years in the banking business in Shanghai, Mr. Kleffel was known as a brilliant exchange man and was in charge of the exchange transactions of the American-Oriental Bank.

After the bank closed its doors on May 23, and a liquidator was appointed, Mr. Kleffel assisted the liquidator for several months. He is married and resides in Columbia Circle.

[Handwritten signatures]

9 FEB. 1936

[Handwritten initials]

Judge Helmick Denies Bail For Raven And Brown

Considered Opinion Filed In Which The View Is Expressed That The Grounds Of Appeal Will Be Found Unsubstantial By Higher Court

An order denying bail to Mr. Frank J. Raven and Mr. J. Warner Brown, former heads of the now-defunct American-Oriental Finance Corporation, convicted of embezzlement and fraudulent false pretences and sentenced to imprisonment for five and two years, respectively, in the McNeill's Island Penitentiary, was entered yesterday afternoon by Judge Milton J. Helmick of the United States Court for China, who was the trial judge in the case.

A considered opinion accompanied the decision, which was conveyed to the convicted men by

Mr. C. S. Franklin, one of the defence attorneys, soon after it was filed. Both men are confined in the Ward Road Gaol, awaiting transfer to the United States to commence serving their sentences.

Seven Grounds Of Appeal

The convicted men asked for bail pending the hearing of an appeal against their conviction by the San Francisco Circuit Court of Appeals. They set forth seven grounds for their appeal, but Judge Helmick, executing what he terms an "embarrassing and inconsistent assignment" in ruling on the bail application, records the view that all the grounds will be viewed by the Court of Appeals as "unsubstantial."

The trial of Mr. Raven and Mr. Brown lasted exactly one month, from January 2 to February 3, and ended with a finding that the accused had embezzled fully-paid securities belonging to clients of the American-Oriental Finance Corporation by pledging them in a margin account with E. A. Pierce and Company, San Francisco, instead of holding them in safekeeping.

Full Text Of Opinion

The full text of Judge Helmick's opinion regarding the bail application is as follows:—

"This is an application by defendants to be admitted to bail pending appeal from their conviction and sentence in this Court. The right of bail is governed by No. VI of Rules promulgated by the Supreme Court of the United States, effective September 1, 1934, which reads as follows:

Bail. The defendant shall not be admitted to bail pending an appeal from a judgment of conviction save as follows: Bail may be granted by the trial judge or by the appellate court, or, where the appellate court is not in session, by any judge thereof or by the circuit justice. Bail shall not be allowed pending appeal unless it appears that the appeal involves a substantial question which should be determined by the appellate court.

"Rule VI is so new that it has received only meagre discussion and construction by the United States Courts, and so far as this Court can discover there are only two reported cases dealing with it. The first is *Kittrell v. U.S.A.* (C.C.A. 10), 76 Fed. II, 333, which affords no assistance because the Appellate Court virtually decided the merits of the appeal in denying bail. The second case is *United States v. Delaney*, 8 Fed. Suppl. 224, which is a scholarly and entertaining opinion by a U.S. District Judge of New Jersey, dealing in rather philosophical and non-legalistic fashion with the policy of denying appeal bail after conviction.

An Embarrassing Assignment

"Rule VI visits upon the trial Judge the embarrassing and inconsistent assignment of attempting with neutral detachment to weigh his own acts in the trial and predict with what degree of gravity the Appellate Court will look upon the grounds of appeal. In the case of *United States v. Delaney*, supra, detachment in making the decision

was sought by calling in a different District Judge to pass upon the right of bail. The case recites: 'We have thought it wise in this District to lend perspective by prescribing the assistance of a Judge other than the one who presided at the trial.' Unfortunately there is no other in this jurisdiction to summon to the task.

"The application of Rule VI manifestly depends upon what is a substantial question which should be determined by the Appellate Court, or rather, what the trial Court believes the Appellate Court will believe is 'a substantial question which should be determined by the Appellate Court.' We have no judicial definition of the term 'substantial question' as used in Rule VI, but perhaps it is used to

describe a ground of appeal which is likely to insure the success of the appeal and the reversal of the conviction. But whatever the right definition may be, the element of prophecy is inevitably involved, and as was said in *United States v. Delaney*, supra, 'we cannot surely predict the reaction of the judicial mind, appellate or otherwise, to the application of a legal question.' If likelihood of success on appeal is the correct test, this Court is of the opinion there is no 'substantial question' involved in the appeal of these defendants, although it demands great temerity on the part of this Court to prejudge the merits of the appeal and to assume the Appellate Court will certainly agree.

Grounds Set Forth

"The grounds of defendants' appeal are as follows:

- 1.—That appellants were denied a trial by jury.
- 2.—That appellants' request for special findings of fact and conclusions of law were refused.
- 3.—That the acts with which the appellants stand charged were not committed within the jurisdiction of the trial court and therefore the trial court had no jurisdiction to try appellants.
- 4.—That the trial court committed error in various rulings made during the course of the trial with respect to the admission and exclusion of evidence.
- 5.—That the motion of appellants to dismiss the charges made at the conclusion of the case for the prosecution was denied.
- 6.—That the motion in arrest of judgment was denied.
- 7.—That the verdict or findings of the trial court that appellants were guilty of the offences charged in counts 2, 4, 5, 7, 10, 13 and 15 was contrary to the evidence and the weight of evidence.

"The 2nd, 5th, 6th, and 7th are purely formal. The 4th is without substance because only a few rulings of a trivial nature were made on objections to evidence during the trial, and these were not unfavourable to the defendants. The 3rd ground surely has no merit, and in any event could not apply to all of the counts of the information on which defendants were convicted. The bald statement of the first ground on paper doubtless appears 'substantial' to the uninformed, but those familiar with this jurisdiction know that during 90 years of American exercise of extraterritorial rights in China, including the last 30 years during which this Court has been in existence, no person accused of crime has ever been accorded a jury trial.

A Settled Policy

"This settled policy, confirmed by the decision of the Supreme Court of the United States in the case of *In re. Ross*, in 1891, has come to be taken so much for granted that the demand of defendants for a jury trial struck everyone as an extraordinary novelty. A number of convictions of this Court have been reviewed on appeal by the Ninth Circuit Court of Appeals without comment by that Court on the lack of a jury. It is possible that this question, which appears so unsubstantial to us in China who are so familiar with the uniqueness of this jurisdiction, may appear substantial to the Appellate Court at home, but this Court ventures to forecast, not merely to guess, that the Appellate Court will not overturn the long-sanctioned and hitherto unchallenged procedure of this jurisdiction. If this prediction turns out a mistake it will be a very bad mistake indeed, but the risk must be taken unless the Court abdicates the duty imposed upon it by the letter and the spirit of Rule VI.

"Bail will be denied and it is so ordered."

File
7/16
-8 FEB. 1936

NO DECISION YET ON RAVEN-BROWN BAIL

U.S. Court Leaving For
Canton Next Week;
Tientsin Later

No decision has yet been made by Judge Milton J. Helmick on the motion for bail, pending appeal, which was submitted to the United States Court for China by Mr. Frank J. Raven and Mr. J. Warner Brown, who were sentenced on Monday to five and two years' imprisonment, respectively, following their conviction on charges of embezzlement and fraudulent false pretences. Judge Helmick was expected to deal with the motion yesterday, but no action had been taken by the time the Court offices closed down for the day.

Having disposed of the Raven-Brown trial, Judge Helmick plans to leave for Canton early next week to conduct a session of the U.S. Court for China in that city, where one or two civil cases await hearing.

Judge Helmick will sail on the s.s. President Hoover, which is due to leave next Tuesday. He will be accompanied by Mr. William T. Collins, Clerk of the Court, Miss Helen Wiley, Court Reporter, Mr. Zee Yang-ling, Court Interpreter, and Mrs. Helmick.

Tientsin After Canton

The Court session in Canton is expected to last only a few days and when the Judge and officials return to Shanghai they are expected to proceed, within a few days, to Tientsin, for the trial of Dr. John Colbert, the well-known medical man who is charged with attempting to murder his wife by giving her poison.

On the way back to Shanghai from Tientsin, the Court may stop at Hankow for a session, in order to dispose of the case of Eugene Brinson and Carl J. Lemcke, charged by the U.S. District Attorney, on the complaint of the Chinese authorities, with attempting to liberate Joseph Walden, otherwise Mr. "X," from his prison cell in Wuchang, where he is serving a 15-year sentence for military and political espionage.

Dr. Colbert and Messrs. Brinson and Lemcke are at liberty, on bail.

S. 6701A

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JW
20 FEB 1936

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Raven, Brown File Notices Of Appeal, Ask For Bail

Convicted Men Set Forth Seven Grounds For The Reversal Of Judgment; Verdict Declared To Be Against The Weight Of Evidence

A motion for the release on bail of Frank J. Raven and J. Warner Brown, now locked up in Ward Road Gaol following their conviction and sentence on charges of embezzlement and fraudulent false pretences, was submitted to the United States Court for China yesterday by Mr. Richard T. Evans and Mr. C. S. Franklin, legal representatives of the convicted men, and will be decided this morning in Chambers by Judge Milton J. Helmick.

At the same time, notice of appeal against their conviction and sentence was given by the defendants through their attorneys. Bail is being sought pending the hearing of the appeal by the Circuit Court of Appeals in San Francisco, "on the ground that it appears that the appeal involves substantial questions which should be determined by the appellate court as set forth in the notice of appeal."

Mr. Raven was sentenced to five years' imprisonment in the McNeil's Island Penitentiary, while Mr. Brown was given two years in the same institution. The convicted men set forth the following grounds for the setting aside of their conviction and sentence:

Grounds Of Appeal

- 1.—That they were denied a trial by jury.
- 2.—That their request for special findings of fact and conclusions of law was refused.

3.—That the acts with which they were charged were not committed within the jurisdiction of the trial court and therefore the trial court had no jurisdiction to try them.

4.—That the trial court committed error in various rulings made during the course of the trial with respect to the admission and exclusion of evidence.

5.—That the motion to dismiss the charges, made at the conclusion of the case for the prosecution, was denied.

6.—That the motion in arrest of judgment was denied.

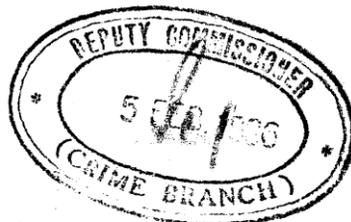
7.—That the verdict or findings of the trial court were contrary to the evidence and the weight of the evidence.

If the motion for bail pending appeal is denied by the Court, the convicted men still have recourse to the appellate court. Should the bail application finally fail, however, it is expected that they will be sent from here on the first American vessel bound for Seattle, to commence serving their sentences.

*L. b. (Crime)
Information.*

JHG
25 FEB. 1936

File
JHG
26 FEB. 1936



1/3281

Raven, Brown Sentenced To Prison Terms In A Federal Penitentiary

U.S. Court Gives Raven Five Years And Brown Two,
To Be Served On McNeil's Island, Seattle;
Motion For Arrest Of Judgment Denied

**CONVICTED MEN LIKELY TO APPEAL; BUT
REMOVAL TO U.S. EXPECTED SOON**

Sentences of five years' imprisonment in the case of Mr. Frank J. Raven and two years in the case of Mr. J. Warner Brown, were passed by Judge Milton J. Helmick in the United States Court for China yesterday morning, following their conviction last Saturday on seven counts of embezzlement and fraudulent false pretences, of which they were found guilty in their capacities as President, and Vice-President and Manager, respectively, of the now-defunct American-Oriental Finance Corporation, which closed its doors on May 23 last year when all the Raven enterprises

crashed.

The convicted men spent the week-end in cells at the Ward Road Gaol and were brought to Court yesterday morning to hear their sentences. Thereafter, they were returned to the gaol and it is expected that they will be sent from here to McNeil's Island Penitentiary to serve their sentences about the middle of this month.

Arrest Motion Denied

A motion for arrest of judgment as regards both Mr. Raven and Mr. Brown was submitted to the Court by defence counsel and denied by Judge Helmick before passing of sentence, the defence thereafter noting an exception to this ruling. Grounds submitted for the motion were as follows:

- 1.—That the Court denied the defendants a trial by jury.
- 2.—That the Court refused the request of the defendants to make special findings of fact and conclusions of law.
- 3.—That it appears from the record and transcript of evidence in the case that the acts with which the defendants were charged were not committed within the jurisdiction of the United States Court for China and that therefore the Court had no jurisdiction to try the defendants or either of them.

A Cause Celebre

With the passing of sentence yesterday morning, "finis" was written to a trial which had long since become a *cause celebre*. The substance of the charges on which the two men were convicted was that they took clients' fully-paid securities, which should have been held in safekeeping, and pledged them to E. A. Pierce and Company of San Francisco as margin for the trading activities of the A.-O.F.C.

Although the last act in this protracted legal drama had been robbed of much of its sensationalism because of the fact that convictions had already been recorded, thus making sentence inevitable, a crowd even larger than previous days gathered to witness the last proceedings. Long before 10 o'clock, when the session was due to commence, the courtroom was filled and the entrance jammed with between 30 and 40 people.

Mr. Raven and Mr. Brown were brought to Court under escort of

two uniformed members of the Shanghai Municipal Police and took their customary places in the courtroom a few minutes before the Judge entered.

Convicted Men Nervous

Mr. Brown was the first to enter. He came alone and sat down, the cynosure of all eyes, until Mr. Raven entered a moment or two later. Both men were obviously wrought up and nervous.

Having left for Tientsin on Saturday, Mr. Richard T. Evans, counsel for Mr. Raven, was conspicuous by his absence. Mr. C. S. Franklin, attorney for Mr. Brown, was, however, present.

Judge Helmick entered at 10 a.m., took his seat on the Bench, and after denying the motion for arrest of judgment, addressed himself to Mr. Raven: "Frank J. Raven, do you have anything to say why the sentence of this Court should not be passed upon you?"

Visibly trembling, his hands clutching two sheets of paper, one pencilled, the other typewritten, Mr. Raven, who had risen to his feet at the Judge's command, commenced to read a statement.

Raven Makes Statement

"Your Honour," he began, "I was advised by my attorney, because of the precarious state of my health, not to take the witness-

stand. I wish to make a statement. With your permission, I will read it. It will only take a few minutes."

Pausing momentarily from time to time to make out his handwriting, Mr. Raven said:

"I have been convicted on the testimony of Mr. Rosse and Mr. Brown and on the evidence contained in the Haley report and the Cocquelet report.

"Mr. Rosse had been discharged by me for incompetency when his highly paid services were no longer useful to the company (American-Oriental Finance Corporation). It was done in the best interests of the company and the shareholders, but Mr. Rosse has borne malice towards me ever since. He never mentioned to me once in any conversation the subject of paid-up shares in the margin account. Mr. Rosse's conversations with me were always confined to Mr. Rosse and his relation to the company. I am positive and know full well he never mentioned to me paid-up shares in the margin account—not once.

Criticizes Brown Testimony

"In Mr. Brown's testimony, during the first four days, he was inclined to be truthful. He said he thought he had conversations with me on paid-up shares, but he couldn't remember a single time or place or conversation, for the very simple reason that there weren't any. He maintained that attitude through four days of cruel, grueling cross-examination by the prosecution. On the last day, he broke down completely, so dazed and muddled he didn't know what he was saying, and he agreed to anything and everything the prosecution said, regardless of fact or truth.

"After working with Mr. Brown for over 12 years, I say he is a man of average ability, fundamentally and basically honest. You couldn't hire him or pay him to do a deed he considered dishonest. He has made many mistakes.

"If Mr. Brown will tell you the truth this morning before you pronounce sentence, he will say that under cruel cross-examination last Friday he made misstatements. He will say that he never showed me the Cocquelet report. It was never shown me by anyone. I have never seen it. He will tell you he can't remember discussing the Haley report with me, for he never did.

"The Haley report was made at a time when I was slow recovering from an almost fatal illness. I didn't read it. I initialled it and filed it for future reference. Haley admitted under oath that he never discussed the report with me. Brown never did either, and I hope he will have the courage to tell the truth to-day. All I ask is the truth.

Declares Innocence

"If you convict me on the two reports I never read and the evidence of these two witnesses, which I know and they know to be untrue, you will be sending me, an innocent man, to the penitentiary.

"Your Honour, I have nothing further to say except that I have never knowingly or intentionally committed any of the breaches of the law of which I have been accused. This is the whole truth."

When the statement had been read, Judge Helmick pronounced sentences on Mr. Raven of five years each on Counts 2, 7, 10, 13 and 15, and three years each on Counts 4 and 5, the sentences to run concurrently and to be served in the United States Federal Penitentiary on McNeil's Island in Puget Sound, near Seattle, Washington, or any other penitentiary which may be designated by the United States District Attorney.

Brown Sentenced

The Judge then commanded Mr. Brown to rise and asked whether he had anything to say why sentence should not be passed upon him.

Facing the Judge calmly, with head erect, Mr. Brown replied firmly: "I have nothing to say."

The convicted man was then given sentences of two years on each of the seven counts on which he and Mr. Raven were found guilty, the sentences to run concurrently and to be served also on McNeil's Island.

After this, the Court adjourned and Messrs. Raven and Brown were escorted back to gaol. Mr. C. S. Franklin indicated to press reporters that an appeal would certainly be made against Mr. Raven's conviction, but was non-committal in regard to Mr. Brown.

File
JHG
4 FEB. 1936

13282

Question Of Bail

Noting of appeal paves the way for a bail application, which, it was learned, would be dealt with, if and when made, in the Judge's Chambers. Consideration of applications for bail will be made under a United States Supreme Court rule of March 8, 1934, which provides that "a defendant shall not be admitted to bail pending appeal from conviction save as follows: bail may be granted by the trial judge or by the appellate court, but bail shall not be allowed pending appeal unless it appears that the appeal involves a substantial question which should be determined by the appellate court."

Mr. C. C. Curtis of the San Francisco office of E. A. Pierce and Company, and Mr. C. J. Haley, A.-C.F.C. official, who were brought here by the prosecution last November 18 to testify against the two defendants, will return to the United States by the s.s. President Taft on February 15, it was learned yesterday.

It is considered possible that Mr. Raven and Mr. Brown, unless meanwhile admitted to bail, will be shipped off to McNeil's Island on the same vessel.

U.S. Court Finds Raven And Brown Both Guilty Of Embezzlement, Fraud

Tense And Crowded Courtroom Listens To Verdict
By Judge Helmick; Women Break Into Tears
As Defendants Are Escorted To Prison

SENTENCE TO BE PASSED ON FORMER HEAD OF THE A.-O.F.C. TO-MORROW MORNING

"The Government, with meticulous, painstaking and thorough completeness, has presented both evidence and law in support of the Information. From all the evidence, the Court is convinced beyond a reasonable doubt of the guilt of these defendants. The Court finds the defendants Frank Jay Raven and John Warner Brown guilty in the manner and form as charged in counts 2, 4, 5, 7, 10, 13 and 15 of the Information."

These words, pronounced by Judge Milton J. Helmick in the United States Court for China yesterday morning, convicted Messrs. Raven and Brown, President and Vice-President, respectively, of the now defunct American-Oriental Finance Corporation, on charges of embezzlement and fraudulent false pretences and brought to a conclusion the most long-drawn-out and in all respects most notable trial in the Court's history.

Immediately they had been uttered, the Judge ordered the defendants to be handed over to the custody of the United States Marshal. They are now lodged in the Ward Road Gaol and will be brought before the Court for sentence at 10 o'clock to-morrow morning.

Courtroom Scene

Public interest in the trial having been keyed to a high pitch ever since proceedings commenced on January 3, it was a keenly expectant courtroom audience which gathered yesterday morning to hear the verdict. Spectators began arriving as early as 9 a.m. although the Court was not due to open until 10. By 9.45, every available seat was taken and late-comers were obliged to hold tenaciously to standing-room places just outside the courtroom door.

Many prominent local business men were present and a number of fashionably-dressed women. Some of these were former business associates or friends of the defendants.

In contrast to proceedings on previous days, when the courtroom buzzed with conversation before sessions commenced, there was an almost audible hush which reflected the gravity of the occasion.

As the hands of the clock moved relentlessly towards the hour of 10, Mr. Warner Brown entered alone and took his seat silently behind the table reserved for the defence attorneys. His face eloquently betrayed the nervous tension to which the trial had subjected him, but he managed to convey a flickering smile to friends and acquaintances present.

No Greeting Exchanged

Mr. Raven strode in shortly afterwards and took a seat beside Mr. Brown, but no greeting of any kind was exchanged between the two men whose fate was hanging

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in the balance. The former eyes of the Raven enterprises looked neither to right nor left, but gazed straight ahead at the vacant Judge's bench. He was evidently straining to maintain the composure which he managed to display throughout the trial, but nervously clasped and unclasped his hands.

With but two minutes to go before 10 o'clock, Dr. George Selett, Special Assistant District Attorney, who conducted the case for the Government, entered and took his seat. He was closely followed by his assistant, Dr. Harold Nelson, by Mr. Richard T. Evans, counsel for Mr. Raven, and Mr. C. S. Franklin, counsel for Mr. Brown.

At the Press table, in addition to local newspaper reporters, there were present representatives of two of the big press associations, on hand to hear the verdict and flash it to all corners of the earth where the outcome of the trial is of interest.

Promptly at 10 o'clock the door connecting the courtroom with the Judge's Chambers was opened by the usher. Judge Helmick entered with judicial solemnity and took his seat on the Bench as the Assistant U. S. Marshal proclaimed the familiar words: "Hear ye, hear ye, hear ye, the Honourable United States Court for China is now in session!"

Intense Silence For Verdict

An intense silence preceded the Judge's first words. Eyes moved restlessly from Judge to defendants and back again. Mr. Raven and Mr. Brown visibly tensed themselves in their seats. Everyone leaned forward to catch what was said.

"The Court has decided that it will make no filing of special findings of fact or conclusion of law." These were the Judge's first words, answering an application made by defence counsel the day previously.

Then came the verdict, to which Judge Helmick added that the defendants would be handed over immediately to the custody of the United States Marshal and brought up for sentence on Monday morning.

Judgment Arrest Sought

Mr. Evans was instantly on his feet to ask for an arrest of judgment in the case of Mr. Raven, on the ground that the Court had failed to make special findings of fact or conclusions of law. To this, Judge Helmick countered with the statement that any such application would have to be submitted to the Court in writing. Mr. Evans concurred, declaring that he had made the verbal application first because such applications were required to be made immediately after judgment.

Again the Assistant Marshal's voice rang out. Judge Helmick left the Bench and retired to his Chambers and the courtroom instantly became intensely alive with excitement. The whole of the proceedings had occupied less than five minutes.

As the crowded audience began streaming from the courtroom, Mr. Raven and Mr. Brown were shepherded through the throng to the office of the United States Marshal, where an order for their committal to Ward Road Gaol was made out.

Women In Tears

Several women broke down in tears as the defendants passed along the corridors, faces blanched but grimly set. Several advanced and gave Mr. Raven a warm hand-clasp. Mr. Brown, however, appeared to enjoy fewer friendships and walked forlornly to the Marshal's office.

Their bail of U.S. \$10,000 each having been automatically suspended by the verdict, the question of release on bond will not be raised again until sentence is passed and an appeal, if any, noted, it was learned in the office of the U.S. Marshal. Accordingly, a warrant of committal to Ward Road Gaol was made out and the convicted were taken thither via Central Police Station on Fowchow Road, where further records had to be completed.

Mr. Raven was heard to request that he be allowed to see his brother, Mr. Charles Raven, before lodgment in gaol, but it is not known whether he was given this opportunity.

Raven To Appeal

Approached on the question of appeal, Mr. Richard T. Evans, Mr. Raven's attorney, said definitely that his client would appeal against the decision of the Court, but no definite statement could be obtained from Mr. C. S. Franklin as to whether his client, Mr. Warner Brown, would appeal.

The defendants were convicted on seven of the 15 counts listed in the Information filed against them by the District Attorney. The

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M. C.
H. S.

first of these convicting counts (count No. 2) charged the defendants with the embezzlement of U.S. \$11,553 from Mr. Lucien Claude Marie Basset, a local exchange broker. This sum represented the proceeds of a draft which Mr. Basset gave to the A.-O.F.C. for the purchase of 100 shares of American Telephone and Telegraph Company stock on December 18, 1933.

The second count (No. 4) charged that they "feloniously and with intent to defraud" Mr. Basset, falsely represented to him that they had, on December 16, 1933, purchased this stock for him, whereas in fact they had not done so.

Basset Defrauded

In the third count (count No. 5) the defendants were charged with defrauding Mr. Basset by representing to him that they had purchased and sold certain stocks for him, thereby inducing him, in consequence, to remit U.S. \$10,000 to E. A. Pierce and Company, San Francisco agents of the A.-O.F.C., which sum was to be used to estab-

lish for Mr. Basset additional credit with the A.-O.F.C. for stock purchase transactions.

The fourth count (count No. 7) charged the defendants with embezzling U.S. \$507.60 paid to the A.-O.F.C. by Mr. Edward P. Howard for the purchase of 50 shares of Douglas Aircraft stock.

The fifth count (count No. 10) charged the embezzlement of Sh. \$1,225.97, paid to the A.-O.F.C. by Mr. Gordon Yates for the purchase of certain shares.

The sixth count (count No. 13) charged the embezzlement from Mr. C. R. Jones of Sh. \$549.18. Mr. Jones, it was set out, paid this sum to the A.-O.F.C. for the purchase of Electric Bond And Share stock.

Last Convicting Count

The final convicting count (count No. 15) charged the embezzlement of divers shares delivered by Stanley G. Kirkland to the A.-O.F.C.

In the Information as filed, 16 counts were set out, but for technical legal reasons there were two or three counts on each trans-

actions referred to in the Information, except in cases where false pretenses were charged. In several of the transactions, for example, there were counts of embezzlement of a negotiable instrument (the cheque or draft handed by customers to the A.-O.F.C. for stock purchases), theft of this negotiable instrument, and embezzlement of its proceeds. Legally, however, conviction was possible on only one count for each transaction.

There was thus conviction on one count for each transaction set out in the Information. The seven counts on which conviction was obtained were those especially stressed by Dr. George Sellett in his argument before the Court at the conclusion of the trial.

Government's Case

As regards all the embezzlement charges concerning cheques and drafts, the Government contended that clients of the A.-O.F.C. handed their money to that concern to buy outright certain specified shares and that these shares were not bought (save in part, on margin), while the proceeds of the

clients' cheques were placed in the general bank accounts of the corporation.

In the Kirkland transaction, the client was alleged to have entrusted certain shares of stock to the A.-O.F.C. for safekeeping, but embezzlement was committed by placing these shares in the A.-O.F.C.'s margin account with Pierce and Company, thereby pledging them for the corporation's own indebtedness.

The two counts of false pretences (fraud) alleged that the A.-O.F.C. obtained money from Mr. Basset by misrepresenting to him that shares which he had previously ordered had been purchased and paid for in full and placed in safekeeping for him, whereas in fact they had not been paid for in full and were in the margin account with Pierce and Company.

The indictment of Mr. Raven and Mr. Brown arose from the collapse of the Raven enterprises on May 23 last year and followed an investigation of the affairs of these enterprises by Mr. Frank L. Hough, the Liquidator.

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132 J P

Judge Helmick To Give Verdict In Raven Case At 10 O'Clock To-day

Trial Closed Yesterday Afternoon After Delivery Of Speeches By Dr. Sellett And The Defence; District Attorney's Scathing Remarks

FRANKLIN DESCRIBES HIS CLIENT AS THE WORLD'S MOST HOPELESS WITNESS

A verdict is expected to be delivered this morning in the case of Mr. Frank Jay Raven and Mr. J. Warner Brown, charged in the U.S. Court for China with embezzlement, theft and fraud in connection with shares held for clients in the now defunct American-Oriental Finance Corporation.

Argument concluded late yesterday afternoon after a day devoted to summing-up by Dr. George Sellett, Assistant U.S. District Attorney, and Messrs. Richard T. Evans and Cornell S. Franklin for the defence. While defence attorneys pleaded the lack of intent on the part of their clients to embezzle funds belonging to clients, the prosecution lashed both men as "adopting every conceivable dishonest and disreputable practice imaginable" in the operation of their business.

What was probably the outstanding highlight of the day's proceedings was provided by Mr. C. S. Franklin, representing Mr. J. Warner Brown, who, at the very opening of his speech, took the remarkable course of describing his own client as "the world's poorest, most feeble and most hopeless witness."

With crowds jamming the corridors so densely that court attendants had literally to fight their way into the courtroom, the last sessions of the dramatic case opened

at 10 a.m. with excitement at its height. Mr. Raven walked in his customary erect self, and sat down. Mr. Brown followed. There was no exchange of greeting between them and they did not speak once during the long and biting address by the Assistant District Attorney.

On behalf of both counsel for the defence, Mr. C. S. Franklin handed to the court a petition asking for special findings of fact and conclusions of law, upon which Judge Helmick said he would rule later.

Dr. Sellett was immediately on his feet, fingering a pencil as he opened his deliberate and carefully enunciated address.

"When these proceedings opened four weeks ago to-day," he said, "the Government promised that it would prove certain facts as to criminality in this case. It would be impossible for us to outline even in brief form the evidence which has been presented in court, but I desire to review it in a very general way and then to talk about the law applicable to the case at Bar."

The information, Dr. Sellett continued, contained 18 counts of embezzlement, larceny and fraud. Not all of these could be sustained, he admitted, but that of these at least seven were counts on which both defendants were guilty.

There were five charges in the Basset case; embezzlement of the cheque, embezzlement of the proceeds of the cheque, larceny of the proceeds of the cheque, and two counts of obtaining money under false pretences, for U.S. \$28,000 and U.S. \$10,000. On the first and latter two charges, the Government held the defendants were guilty.

Out of the charges in the Kirkland case, embezzlement of shares and larceny of shares, the Government held the defendants were guilty of the first charge.

In the Howard case of three counts, the defendants were guilty of embezzlement of the proceeds.

In the Jones and Yates cases, each of three counts, the defendants were both guilty of embezzlement of the proceeds of the cheques.

Raven's Position

Turning to a sharp outline of the position of both defendants with regard to the defunct company, Dr. Sellett continued:

"The evidence shows that Raven was president of the A.-O.F.C. at all times material to this action. Brown was a director and manager from as early as 1930. Then and at all times these men had powers of attorney to act and deal with all business of the corporation as they see fit."

"We may anticipate that the defence will argue that Raven did not know what transpired, that all these things took place without his knowledge and consent. As to Brown the evidence is of such a character that it will not avail him to make use of this plea. While much of his testimony must

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Verdict In Raven Case Expected To-day

(Continued from Page 1, Col. 2.)

be disbelieved, the commonsense view compels belief in some of his admissions, that he had full knowledge of what was going on.

"There is no evidence in the record whatsoever," Dr. Sellett declared, his voice rising as he gestured forcibly, "not in the whole of this voluminous record, that Raven did not have a complete knowledge of what was going on. He was president of the corporation (here Dr. Sellett produced the bye-laws of the corporation to read out the powers of the president), the chief executive. He was empowered to conduct the general active business, to execute all agreements, he was in general supervision and direction of the other officers and it was his duty to see that their work was being carried out properly.

"Not One Scintilla"

"There is not in the whole of the record one scintilla of evidence that Raven was not cognizant of the entire situation of the company. There are only innuendoes in the form of questions asked in cross-examination by the defence counsel of witnesses.

"In 1929 he personally went to America and arranged with E. A. Pierce and Company for the beginning of his stock brokerage business. On March 7, 1930, the first transaction took place. Mr. Brown then goes to the United States—it had already been planned that he would manage the company—and after he had been there two weeks attending the office of Pierce and Company he writes a letter, May 13, 1930, to Mr. Raven dealing with the matter of fully-paid shares as 'highly important and involving considerable legal liability.' This letter is initialed by Raven and it is inescapable that he did not know in June, 1930, that the matter of fully-paid shares was something important and that the legal liability was considerable.

"On November 18, 1932, Mr. Cocquelet makes a report to Mr. Brown. Mr. Brown asked for it, saying he wanted to show it to Raven. It sets forth that there were then 50 clients whose shares were fully paid for to an amount of U.S. \$58,000. The report sets out that there would be a loss of U.S. \$335,000 sustained by the A.-O.F.C. if the accounts should be sold out then.

Pledging Clients' Money

"At that time in the R. T. Co. 101-I-1 account (Raven's) there was a loss of U.S. \$84,000 and a U.S. \$4,000 loss on another Raven account. Let us picture that Raven indebtedness to the corporation of U.S. \$88,000 and at the same time that U.S. \$58,000 has been pledged to finance the company, and he, the president, has lost heavily.

"On September 12, 1933, the companies set up an Executive Council which ran the business of the company, in fact all of the Raven group. The boards of directors were not running the companies; they were picked for their standing in Shanghai, as window-dressing. They were to have as little information as possible. The inference is plain.

"This was also the policy with regard to the auditors. They were not to be shown the minute books of the Executive Council and boards of directors. If there was any information that they must have it was to be given them through extracts from the minutes."

Then, turning to a brief resume of the Benjamin shares trans-

the shares should not be put in safekeeping.

"But that is not all. Even when a witness takes the stand for four or five days and perjures himself within every 15 minutes, there is something about it that must be believed, and commonsense all tells us that Brown was constantly and continually reporting to Raven just what was going on. Their offices were contiguous. Raven was always accessible to Mr. Brown.

Embezzlement Was Rule

"As to the property which went into safekeeping, it was neither Raven nor Brown who had it put there. Mr. Driscoll was seeing, as far as the Raven Trust clients were concerned, that their property was safe. Otherwise the rule was hypothecation and embezzlement.

"We have every evidence of this. Mr. Rosse said that his last conversation with Mr. Raven, just before Mr. Raven went to the United States in 1934, concerned the keeping of fully-paid shares. Raven told Rosse to leave things alone until he got back, intimating that he would take care of it in the meantime. There is not one word denying the testimony of Mr. Rosse."

Dr. Sellett then launched a bitter diatribe on the speculation by Mr. Raven which had caused a loss of U.S. \$147,000 when the company closed. In November, 1932, Mr. Raven had lost U.S. \$57,000; in January or February, 1934, he had lost U.S. \$100,000; and this mounted to U.S. \$147,000 at the end. Meanwhile, he said, creditors had lost two million dollars, not counting those who held stock in Raven companies.

The defence would try to show, Dr. Sellett anticipated, that Raven's account was backed by the \$18,000,000 in trust shares which were put in in August, 1934 but Raven knew, he declared, at that time, that the shares were actually not worth the paper they were printed on. The doors of the company were open only because the public did not know the true situation. This could be amply deduced by the declaration of the liquidator that creditors of the A.-O.F.C. would realize 1½ per cent.

"There is something else to be noted about Raven," Dr. Sellett declared, "and that is the singular lack of his signature on incriminating papers."

No Master Mind

"It requires no argument from me to show that Brown is in no sense a master mind. Well, then, who was it? Was it the barrister genius from Kansas, Mr. Price? I suppose that we are going to be told that his malignant influence lingered on although he was 8,000 miles away at most of the time material to this case. That his influence was still felt. That he was running the company and not its president. That it was being run by a young man just out of law school.

"I suggest that this is a very convenient device, to pick out a man who is 8,000 miles away and lay everything at his door. Brown also rendered yeoman service to protect Raven until they fell out, as we have heard about in court.

"Brown proved that he was not the master mind by his appearance in court. Raven was the master mind. Raven owned practically all the voting stock of the Raven Trust, the Raven Trust owned the majority stock in the A.-O.F.C. These companies and Raven were the same thing for all practical

necessary, to show that there was no criminal intent. The record is replete with evidence that these defendants were both guilty of every conceivable, dishonest and disreputable practise in managing the affairs of the company.

"Idiotic, Stupid Defence"

"The defence is going to be the high cable costs, the fact that legal advice was obtained, that the company was able to pay back the shares out of the margin account and that if you take people's money who are going to speculate it is all right to embezzle their property right away.

"The first is a silly, stupid, idiotic defence, in keeping with all the other things he (Mr. Brown) did and said on the witness stand. The fact that clients were intending to speculate is no defence, or that the company was at all times able to make good the property they had converted. As to the last, I don't know, I hardly think that counsel for the defence will suggest that this evidence should be believed."

The Defence

Long before 2 p.m., when the court was due to reassemble, the courtroom was packed to capacity, while a large number of people crowded the entrance and stood throughout the entire afternoon listening to the proceedings as best they might.

Argument for the defence was about equally divided between Mr. Richard T. Evans, counsel for Mr. Raven, and Mr. C. S. Franklin, who represents Mr. Brown.

Mr. Franklin devoted himself to a general outline of the defence positions, while Mr. Evans dealt with the legal authorities.

Opening the counter-attack against the case for the prosecution, Mr. Franklin started his speech, which lasted one hour, with a warm tribute to Dr. Sellett and an apology for Mr. Brown, who for several days this week was subjected to the withering fire of the prosecuting attorney's cross-examination.

"Feeble Witness"

"We listened this morning," Mr. Franklin declared, "to a very able presentation of the Government's case by a brilliant prosecuting attorney. During the latter part of the trial itself, we listened to a masterly cross-examination of the world's poorest, most feeble and most hopeless witness—Mr. Warner Brown, one of the defendants in this case.

"Now despite the obvious fact that Mr. Brown was thoroughly frightened on the witness-stand, to such an extent that his brain almost ceased to function, it was apparent throughout that he was really trying to tell the truth and at the same time avoid being tripped up and entangled by an exceptionally clever and well-conducted prosecution.

"Regardless of all the contradictory statements which he made, I submit that the fundamentals of his testimony remained unshaken. I propose to go over those fundamentals briefly. An analysis of the evidence will show a surprising lack of any real contradictions. Such contradictions as there have been, flowed from questions which were inferences and deductions drawn from the basic testimony."

Mr. Franklin then launched on a brief review of Mr. Brown's career with the A.-O.F.C., going back to the early part of 1930, when the A.-O.F.C. first decided seriously to go into the brokerage business.

Describing Mr. Brown's visit to San Francisco, where according to the testimony he studied the brokerage business in the offices of E. A. Pierce and Company, counsel declared that Mr. Brown had studied it to the extent that

RULES AGAINST LAW



Federal District Judge Merrill E. Otis in a ruling made at Kansas City declared that the entire Wagner Labour Disputes Act, a New Deal law giving employees the right to organize and bargain without interference from employers, was unconstitutional.

[Associated Press.]

misgivings about these fully-paid shares as I had when I was in San Francisco. Now Mr. Haley handed his report to Mr. Brown in Hongkong, but, according to the evidence, Mr. Haley did not raise this question of fully-paid shares with Mr. Brown after they were both back in Shanghai.

"From early 1932 there were three lawyers in the A.-O.F.C. offices, Mr. Price, Mr. Driscoll and Mr. Elder. It can reasonably be supposed that Mr. Raven thought, and had reason to think, that if anything was wrong with the procedure in handling fully paid shares, one or other of these lawyers would have pointed it out and seen that it was changed.

"Mr. Brown thought, and was entitled to think, the same as Mr. Raven in this matter.

"By 1933," Mr. Franklin proceeded, "the practice of handling fully-paid shares as they were handled had acquired the dignity of long-established procedure. It was automatically extended to the handling of the Basset shares. There is every indication that Basset's account was intended as a trading account. There was nothing to indicate to the defendants that it might not become an active trading account at any time."

Counsel then proceeded to deal with the other fully-paid share transactions involving the several complaining witnesses in the case, pointing out that these witnesses had indicated their intention of trading with their shares at some time, thus justifying the A.-O.F.C. in treating their accounts as trading accounts.

Accounts Treated As One

Coming to the Benjamin shares, which were turned over by the Raven Trust Company to the A.-O.F.C. and pledged by the latter to Pierce and Company, counsel drew the court's attention to the fact that the testimony showed that the A.-O.F.C. had always treated the Raven Trust Company accounts as one. So that when Mr. Driscoll had asked the A.-O.F.C. to transfer these shares to safekeeping Mr. Brown rightly refused to do so, since the Trust Company accounts with the A.-O.F.C. were already undermargined and would, if the transfer were made, be undermargined that much more.

"Mr. Brown," counsel stressed,

poration owed U.S. \$31,000 against holdings amounting to U.S. \$780,000; Tls. 80,000 against holdings amounting to Tls. 180,000; Sn. \$207,000 against holdings amounting to Sh. \$2,700,000. The holdings, consisting largely of shares in the other Raven companies, were not worthless as the prosecution contended, since they were quoted on the stock exchange and had a loan value, even if they could not be sold because of the tightness of the money market.

Concluding his address, Mr. Franklin said that had Mr. Raven and Mr. Brown had guilty knowledge that they were doing wrong in regard to the handling of fully-paid shares, it would have been a simple matter for them to have instructed Pierce and Company to draw on the letters of credit which they held in the A.-O.F.C. account and transfer the fully-paid shares to safekeeping. They could have done that and still had a surplus on the letters of credit, counsel contended.

"It is my submission," he ended, "that the evidence does not show that the defendants are guilty beyond a reasonable doubt. Unless that reasonable doubt is overcome, they should be acquitted."

Mr. Evans' Address

Mr. Evans then rose to address the court and began by disclaiming a suggestion made by Dr. Sellett in the morning that the medical evidence called in regard to Mr. Raven's condition was for any other purpose than purely the merits of the case. "I want it understood," he said, "that there was no plea for mercy implied in that step.

"The conduct of the defendants," he went on to contend, "was perfectly open at all times. They did not pretend to any of the complaining witnesses that their shares were held in safekeeping. Had this not been the case, and the defendants had guilty knowledge of wrong-doing, it would have been very easy for them to have destroyed the records of that wrong-doing."

Coming to the letter which Mr. Brown had written to Mr. Raven from San Francisco regarding the handling of fully-paid shares by Pierce and Company, Mr. Evans said that the words: "We will introduce something similar when I return to Shanghai," were constructed by Mr. Raven as meaning that Mr. Brown and his colleagues would take care of the matter. Mr. Raven did not consider it necessary to act.

Brown's Evidence Discounted

Turning to the Cocquelet report, counsel contended that the only evidence that this report came into Mr. Raven's hands was given by Mr. Brown and that this testimony, in view of all the circumstances, must be discounted. The next time that the question of fully-paid shares occurred, as far as Raven was concerned, was when the "voluble Mr. Rosse" testified to having raised the question. "But this witness showed so much animus," counsel said, "that his evidence, also, should be strongly discounted."

With regard to the Haley report, Mr. Evans pointed out that Mr. Raven had just come through a serious illness when it was submitted. True, the first page was initialed by Mr. Raven and the report contained a section regarding the handling of fully-paid shares. But this section was buried in the report and occupied only one page. The only testimony showing that Mr. Raven had really studied the report came from Mr. Raven's secretary, who testified that his initials on the document indicated that it had received his attention. Mr. Brown testified that Mr. Raven had seen the report, but this testimony required strong corroboration by other witnesses and this had not

...they were taken in late in 1931. He quoted the letter from Mr. Driscoll to Mr. Brown saying that the shares should be put in safekeeping and if it was "inconvenient" to transfer them then, to use another course.

"It is abundantly clear," declared Dr. Sellett, "that when the A.-O.F.C. got hold of the shares they dumped them into their margin account to assist them in their own trading. He (Benjamin) did not owe them one cent; he had not even bought the shares from them. Their conduct was just as flagrant and criminal as if someone had walked in with a package of jewellery and money and said 'keep this for me' and then they took it out and hypothecated it and pledged it."

Brokers' Code Of Ethics

"There has been a suggestion that in this business there is a different code of ethics. Perhaps it may be contended that because these people were going to speculate that it was proper to take their possessions and pledge them. There is no reason in the world, no reason in commonsense why this business should not be subject to the same rule of any other honest business. Brokers have the same responsibility in this case as other agents have.

"Perhaps the defence will contend that this is not enough. Well, we have more. We have the Haley report. He was brought out from the United States because he knew this business. He was brought out to run the business, and he made a report which he handed to Mr. Raven in January, 1934.

"There is a dangerous situation," his report said. "There are U.S. \$150,000 in fully paid shares belonging to our clients and we have only U.S. \$50,000 in safekeeping. These stocks are not ours but are held in trust by us for our clients. We should take these out as soon as possible for if anything should happen we would have to go out in the open market to re-establish our clients' positions. And then again we are wide open to legal procedure. Mr. Haley used here almost the same language as used by Mr. Brown himself in 1930.

"I take it the defence is still going to say that other people ultimately influenced Raven that

purposes, and we will understand from counsel that this mastermind Brown pulled the wool over Raven's eyes.

"I anticipate that there will be another defence for Raven, that he was so ill he didn't know what was going on. But I may be mistaken. He was ill for a very short period of time which would incapacitate him with regard to the companies. I suspect what the purpose of the medical evidence was, I more than suspect what it was but can it be believed that anyone would give any weight to this as evidence that he did not know what was going on?"

"Remember that there is not one bit of evidence that would ever tend to support that Raven didn't know what was going on. I can't believe that if there was any evidence to this effect that the defence counsel would have omitted to present it."

Raven Chief Speculator

"This dealing was thoroughly dishonest and disreputable in every way possible. Raven was the chief speculator; he started out with an account in his own name, and then abandoned this for two R. T. Co. cipher accounts. He lost U.S. \$116,000 by steady, continual gambling. Would the Shanghai public have done business with the Finance Company had they known that this condition existed?"

"Why were his cipher codes invented? To keep his employees from knowing how those accounts were operated and for whom. To be sure two or three persons knew whose accounts they were, but not many, for the public continued to deal with them and have confidence that things were being managed properly.

"In the account 106-L-7 the company was trading itself against the position of its clients. Bucketing, matching orders, every conceivable dishonest and disreputable thing was done. And then the conferences with the auditors to try to make everything look sound and reputable. While Raven was trying to get the auditor to certify the balance sheet he knew that a loss of U.S. \$117,000 was being put into the balance sheet as an asset.

"The defence is going to ask that you strain your imagination, even to the breaking point if

time permitted. He then quoted from a letter which Mr. Brown had written to Mr. Raven from San Francisco in 1930, in which it was pointed out that Pierce and Company had a safekeeping system for the handling of their customers' fully-paid securities and that "we will introduce something similar when I return to Shanghai."

Bad Advice

Counsel went on to say that Mr. Brown returned to Shanghai and consulted Mr. James Price, the A.-O.F.C.'s legal advisor, on the subject of the handling of fully-paid shares. "We can imagine Price saying to Brown: 'Of course, this matter of the handling of fully-paid shares is important to Pierce and Company. They are members of the New York Stock Exchange and are obliged to observe its rules, upon which the continuance of their business extends. They have a private wire from San Francisco to New York to facilitate the transfer of shares in and out of safekeeping as required. But we are not subject to the rules of the New York Stock Exchange and there is nothing illegal or irregular in our system as long as we are able to deliver fully-paid securities on demand.'

"I submit," Mr. Franklin continued, "that this explanation by Mr. Price satisfied Mr. Brown and also Mr. Raven, since it was given by a well-qualified man."

Continuing, he pointed out that the A.-O.F.C.'s system of handling fully-paid shares was not questioned until Mr. Rosse, one of the employees, raised the question in October, 1933. Rosse sought advice on the matter and also, presumably, was satisfied with the explanations which he received from another lawyer. The matter came up again, however, when the Haley report was filed, showing that of U.S.\$150,000 worth of fully-paid securities, only U.S.\$50,000 were in safekeeping.

Question Of Misgivings

"The presumption as to what happened in regard to the Haley report, as far as Mr. Brown is concerned, is this," said Mr. Franklin: "Brown would say: 'Here's a man just come from San Francisco and he has the same

"was not an officer of the Trust Company and was only concerned with the interests of A.-O.F.C. Ultimately, for the sake of the Trust Company, he was overridden and the Benjamin shares were transferred to safekeeping little by little."

Mr. Franklin then made what was generally conceded to be the most significant statement in his entire speech, in referring to the fully-paid share transactions involved in the case.

Significant Statement

"When a client opens an account with a brokerage house," he declared, "the presumption must be that when he buys deposits shares that when he buys or deposits shares he intends them for trading purposes, unless he specifically requests that the shares be placed in safekeeping."

Coming next to the so-called "short sales" effected to April and May, 1935 through the cipher accounts 101-I. 1 (Mr. Raven's) and 106-L. 7 (the A.-O.F.C.'s account with itself), which had the effect of selling out large blocks of securities, among them many fully-paid shares belonging to A.-O.F.C. clients, Mr. Franklin said it had been conclusively established by the evidence that these sales had been effected entirely without Mr. Raven's knowledge.

Attempting to answer the contention of Dr. Sellett that these sales were not real short sales at all, Mr. Franklin declared that they were short sales "in every sense of the term, except that they were not reported as such to Pierce and Company," a remark which elicited an obvious gesture of surprise amuse from Dr. Sellett.

"The rules of the New York Stock Exchange about reporting short sales did not apply to the A.-O.F.C.," Mr. Franklin added.

A.-O.F.C. Said Solvent

Proceeding to refer to defence exhibits 326 and 337, which are statements of the A.-O.F.C.'s financial position at various dates, Mr. Franklin quoted some figures to show that the A.-O.F.C. had been in a solvent position, the prosecution having contended that the corporation was bankrupt long before it actually closed down.

Taking the figures for May 16, 1933 counsel showed that the cor-

been forthcoming.

Legal Authorities

Mr. Evans then launched into the presentation of voluminous legal authorities regarding the charges against the defendants and cited numerous cases having a bearing on the issue. He contended that under the Common Law embezzlement means fraudulent conversion by a servant of his master's property. If, therefore, the Government's case was predicated upon the Common Law, no conviction was possible, since there was no master and servant relationship between the defendants and the complaining witnesses.

Counsel declared that there had been no false pretences proved in the Basset transactions, because the statements sent to Basset by the A.-O.F.C. did not show that Basset's shares were being held in safekeeping.

Dealing with Mr. Raven's position under the law as president of the A.-O.F.C., counsel cited cases to show that the principal of a corporation is not liable, civilly or criminally, for the acts of employees of the corporation, unless he authorises or consents to those acts. Such authorization or consent could not be presumed. It must be proved.

"The defendants are not on trial," he declared, "for general depravity but for specific acts. Their participation in those acts must be proved. Participation cannot be proved by reference to other acts in which they did participate. Unless Raven knew that money received from clients was being misapplied, he cannot be convicted."

Sellett Winds Up

In his rebuttal, which took 40 minutes and closed the argument in the case, Dr. Sellett declared that he had never seen a case anywhere in which the evidence was so overwhelming as in this case. Dr. Sellett concluded in a concise burst of speech which held the packed courtroom spell-bound.

"As to the argument of Judge Franklin, I don't think I have much time nor is it necessary to deal with it. His argument might have had some plausibility if the facts of the case were entirely different, if we had seen a policy of fairness and honesty for the most part and only one or two cases of

the kind we have. Why should they want to steal \$200 or \$400 or \$1,000? he asked. But look at the sordid way they handled this business, juggled figures, how high officers indulged in speculation and gambling with other people's money, how they owed upwards of U.S.\$175,000 when the company closed. And the liquidator has said that of this he has been unable to collect one copper from them. With this background how can Judge Franklin or anyone else argue with plausibility that the conduct of the defendants in this case is lily-white. The Court should have not the slightest difficulty in finding these men guilty on the seven counts outlined. There was a period of quiet as Dr. Sellett sat down. "Further proceedings in this case will take place at 10 a.m. tomorrow," Judge Helmick said, and adjourned court.

Red Hands

HANKOW, Jan. 31.—

Brother E. Perotto and Brother Nadi, the two Italian Franciscan missionaries who were captured by Communists on May 29 last year at Mosheim, are still alive although they remain in the hands of their captors, according to a report received today from the Catholic Mission at Tatesien, Szechwan.

The Reds, who are now near Yachow, are said to be wanting to exchange them.

TOKYO, Jan. 30.—As the Japanese general election campaign swings into operation with the approach of February 20, the date of polling, the man-in-the-street is likely still left wondering what it is all about.

Popular interest in the election is lacking for the simple reason that the Government is not expected to-day from the Catholic Mission at Tatesien, Szechwan.

More Support For Cabinet Anti Effect Of Coming Election Government A Working "Cleanest" Election

hitherto strength ment a fore, m The e Govern Minselt weight Diet, at ly befo pose th It wa min Do created er ph of powe seats in an app yukat is lacking for the simple reason about Popular interest in the election is still left wondering what it is all about. of polling, the man-in-the-street is likely still left wondering what it is all about. Popular interest in the election is lacking for the simple reason that the Government is not expected to-day from the Catholic Mission at Tatesien, Szechwan.

Last Act But One In Raven, Brown Trial Due To-day

Legal Argument Starts At 10 a.m., With Equal Time
Allotted To Prosecution And Defence; Remand
For Judgment Expected At Conclusion

The penultimate act in the vigorous legal drama which has been played across the stage of the United States Court for China during the past four weeks will open at 10 o'clock this morning when Judge Milton J. Helmick takes the bench to hear arguments of counsel for the prosecution and the defence in closure of the trial of Mr. Frank J. Raven and Mr. J. Warner Brown, who are indicted on 16 charges of theft, embezzlement and fraud in connection with the collapse last May of the American-Oriental Finance Corporation, of which the defendants were President and Vice-President, respectively.

Trial of the case, which has been the most long-drawn-out, and

in some respects the most dramatic in the history of the American Court in Shanghai, commenced on January 3. Through numerous sessions, the Court has collected 337 exhibits in the case and a record running into several thousand pages. The cost of the trial to the United States Government is believed to run into several tens of thousands of U.S. dollars.

Allotment Of Time

Five hours have been allotted to counsel for argument, it was learned yesterday. The prosecution, which is being conducted by Dr. George Sollett as Special Assistant U.S. District Attorney, will have the first two-and-a-half hours in which to present its case, and the remaining two-and-a-half will be given to Mr. Richard T. Evans, counsel for Mr. Raven, and Mr. C. S. Franklin, counsel for Mr. Brown.

The charges against the two defendants relate to the alleged practice of the American-Oriental Finance Corporation in taking the fully-paid shares of their clients and hypothecating them to E. A. Pierce and Company, who were the San Francisco brokers of the A.-O.F.C., as margin for the A.-O.F.C.'s own market transactions.

Voluminous evidence was led by the prosecution on this point and two witnesses were specially brought here from the United States to testify to the practices of the A.-O.F.C. The first of these was Mr. C. C. Curtis, an employee of E. A. Pierce and Company, and the second Mr. C. J. Haley, a former officer of the A.-O.F.C.

Remand Expected

It is not expected that Judge Helmick will deliver judgment immediately on the conclusion of the legal argument to-day, but that the defendants will be remanded for judgment to some later date.

Mr. Raven is on a bail bond of U.S. \$10,000, while Mr. Brown has bail in a similar sum. It is expected, in the event of a conviction, that both defendants will appeal to the United States Circuit Court of Appeals in San Francisco.

File
15

Sensational Happenings In Court As Raven Case Evidence Is Concluded

UNPRECEDENTED SITUATION OCCURS AS
PROSECUTION AND DEFENCE ATTACK
CREDIBILITY OF MR. BROWN

NEWSPAPER REPORTER IS CAUSE OF THE
TRIAL'S DRAMATIC DEVELOPMENT

**Brown Testifies To Heated Meeting With Raven In
Chocolate Shop Yesterday; Tells Raven That
He "Will Not Take Whole Brunt"**

Dramatic and sensational developments flowed one after the other in rapid succession in the United States Court for China yesterday afternoon at the final session of the Raven-Brown trial, which concluded at 5.15 p.m. with the announcement that argument by counsel would commence on Friday morning at 10 o'clock, thus allowing a day's rest to both the prosecution and the defence after the arduous labours through which they have passed.

The defendants, Mr. Frank J. Raven and Mr. J. Warner Brown, president and vice-president, respectively, of the defunct American-Oriental Finance Corporation, are charged on 16 counts with theft, embezzlement and fraud in connection with the handling of customers' fully-paid securities. The prosecution is in the hands of Dr. George Sellett, Assistant U.S. District Attorney. Mr. Raven is being defended by Attorney Richard T. Evans of Tientsin, while Mr. Brown is represented by Mr. C. S. Franklin of the local law firm of Franklin and Harrington.

During the course of the session, an amazing and almost unprecedented situation arose in which the credibility of Mr. J. Warner Brown, called by the defence as a witness, was being attacked almost simultaneously by both counsel for the prosecution and the defence as the result of remarks made to a local newspaper reporter by Mr. Brown during the lunch hour recess and a luncheon conversation between Mr. Brown and Mr. Raven which took place a few minutes later in the Chocolate Shop on Nanking Road.

Everyone Tired Out

At the conclusion of the session, Mr. Brown had been on the witness-stand for some 20 hours all told. Judge Helmick, the court officials and counsel for the contending sides appeared worn and jaded, and the Court readily acceded to Mr. Evans' request that the defence having rested its case, the Court adjourn to Friday morning, since the argument was likely to be a protracted one and it was desirable that both counsel and the Court tackle the next phase of the trial in a fresher condition.

When the trial was resumed at 2 p.m. after a brief but lively morning session, the Court received in evidence defendants' exhibits 336 and 337 which were tendered by Mr. C. S. Franklin. The first of these exhibits was a statement of the A.-O.F.C.'s financial position with banks and foreign agents at various times material to the case, while the second was a statement of securities held by the A.-O.F.C. in Shanghai in their investment and trading securities portfolios on dates pertinent to the issues involved.

Both exhibits, Mr. Franklin stated, were furnished to the defence by the Government on request. They were received without any opposition being offered.

Event Of Importance

With this formal proceeding over, the first indication of possible sensational developments was afforded to the courtroom, crowded as never before since the trial opened on January 3, when Mr. Evans rose and informed the Court that an event had occurred of such importance that it was necessary to seek the advice of the Court as to how to proceed.

Addressing himself to the Judge, Mr. Evans said: "Both counsel for the defence and the prosecution would like to consult Your Honour in Chambers and we would ask that you adjourn the Court so that this may be done."

Judge Helmick concurred and the Court rose. The consultation in Chambers lasted about 15 minutes, from 2.30 to 2.45 p.m. Ladies in the courtroom took up their knitting, while most members of the large audience joined

File
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Difficulty With Raven Auditors Brought Out By Brown Examination

Fourth Day Of Penetrating Cross-Questioning Of
Defendant Brings Different Version Of
"Short Sales" In Raven Account

SPECULATION CAUSED BY HINT OF MEDICAL WITNESS TO-DAY

Testimony showing that the American-Oriental Finance Corporation had experienced considerable difficulty in the spring of last year in getting its auditors to certify its balance sheet, as it had been prepared in the Corporation's offices, and that a change of auditors had consequently taken place, was among the highlights brought out by Mr. J. Warner Brown in the United States Court for China yesterday afternoon in the continued trial of Mr. Brown and Mr. Frank J. Raven on 16 counts of theft, embezzlement and fraud. Throughout the entire day, Dr. George Sellett, Assistant District Attorney, continued his gruelling cross-examination of Mr. Brown and at the close of the afternoon session the witness had occupied the stand for about 17 hours.

The cross-examination of Mr. Brown is expected to end this morning. At close of Court yesterday, it was announced that the trial would resume at 9.30 this morning in order to meet the convenience of a "medical witness" whom the defence proposes to call. This started considerable speculation as to what type of evidence this witness would tender and an even more crowded courtroom than yesterday is expected.

With the resumption of the trial yesterday afternoon at 2 o'clock, Dr. Sellett continued questioning Mr. Brown on the subject of "short sales" put through Mr. Raven's account with the A.-O.F.C. shortly before the crash of the Raven concerns in May of last year. Cross-examination regarding these "short sales" occupied much of the morning session, the prosecution endeavouring to show that the A.-O.F.C. was desperately trying to lay its hands on ready cash to pour into the American-Oriental Banking Corporation, upon which all the Raven companies were pyramided, and which was then in a precarious situation.

Didn't Tell Raven

Dr. Sellett: Before putting through those so-called short sales, did you inform Mr. Driscoll?

Mr. Brown: No.

Dr. Sellett: And you did not inform Mr. Raven, either at the time, or subsequently?

Mr. Brown: No.

Dr. Sellett: Why did you refrain from taking the matter up with Mr. Raven?

Mr. Brown: I don't know why. At the time, I was busy handing over affairs to my successor in view of my forthcoming departure for Manila.

Dr. Sellett: Did you have Mr. Raven's authority to place buying and selling orders through that account of his R. T. Co. 101-I. 1?

Mr. Brown: No.

Dr. Sellett: Did you operate on that account during the summer of 1933, when Mr. Raven was absent in the United States?

Mr. Brown: Not alone.

Dr. Sellett: Before Mr. Raven's departure, did you have any conversation with him regarding the operation of that account?

Mr. Brown: Perhaps.

Dr. Sellett: You wouldn't operate on another man's account without his authority?

Mr. Brown: In this case, not without Mr. Raven's authority.

Prosecuting counsel then drew the witness's attention to the fact that in direct examination he had stated that the short sales referred to had been put through Mr. Raven's account by mistake, that they should have gone through the account R. T. Co. 106-17, which was the A.-O.F.C.'s account with itself. Mr. Brown had testified that the wrong cipher number had been entered on the ticket made out in respect of the sales.

Dr. Sellett: Why did you wait until now to tell us the truth—that these sales were quite deliberately put through the account of Mr. Raven? Don't you think your previous testimony was apt to mislead the Court?

Good Intentions

Mr. Brown: I didn't intend to be misleading.

Witness went on to say that on May 7, 1935, when he departed for Manila, he believed it would have been possible to have taken all fully-paid shares out of the A.-O.F.C.'s margin account with Pierce and Company and transfer them to safekeeping.

Dr. Sellett: You think this could have been done—without difficulty?

Mr. Brown: I believe it could have been done, but not without difficulty.

Dr. Sellett: Suppose only the American-Oriental Banking Corporation had closed down. Would it have been possible, under those circumstances, for the A.-O.F.C. to continue in business?

Mr. Brown: The reason for the closure of the A.-O.F.C. was the bank crash.

Dr. Sellett: But you could have delivered to customers their fully-paid shares?

Mr. Brown: I think so.

Dr. Sellett: How?

Mr. Brown: By calling in a loan to the Raven Trust Company and selling our seats on the New York Stock Exchange.

Dr. Sellett: What was the value of those seats in May, 1935?

Mr. Brown: About U. S. \$125,000.

Held Only Equity

Dr. Sellett: Was not the value of those seats going down then?

Mr. Brown: No, I think the value was going up.

Dr. Sellett: But the A.-O.F.C. had borrowed against the value of those seats. What was the actual equity which the A.-O.F.C. had in those seats?

Mr. Brown: About U. S. \$70,000.

Dr. Sellett: Then even if you had realized that sum you would still have required about U.S. \$50,000 in order to take fully-paid shares out of the margin account with Pierce and Company?

Mr. Brown: No, I think we would have required about U. S. \$10,000 more.

Dr. Sellett: Was the question of selling the seats in order to place customers' fully-paid securities in safekeeping ever discussed?

Mr. Brown: In 1933 we discussed it, but not in connection with the question of putting fully-paid shares in safekeeping.

Prosecuting counsel then reverted once more to the "short sales" made in the spring of 1935 and suggested to the witness that the money which the A.-O.F.C. was getting thereby was used to bolster up the American-Oriental Banking Corporation. Mr. Brown said that it was used by the A.-O.F.C. for its own purposes and to assist the Asia Realty Company.

Dr. Sellett: But when the A.-O.F.C. was diverting funds received from Pierce and Company as a result of the so-called short sales to the A.-O.B.C. you knew that the A.-O.B.C. was in a precarious position?

Mr. Brown: No, I really didn't.

Didn't Know Losses

Dr. Sellett: Were you not aware that one month before the closure deposits to the value of about Sh.\$1,000,000 had been withdrawn from the A.-O.B.C. and that the A.-O.B.C. had lost, in addition, another million on exchange transactions?

Mr. Brown: I did not know that deposits had shrunk to that extent, nor that so much had been lost on exchange. It was explained to me that people had withdrawn their money and were remitting it home on account of the favourable exchange situation.

Dr. Sellett then switched to the subject of the A.-O.F.C.'s balance sheet. "In the spring of 1935," he queried Mr. Brown, "you had considerable difficulty in getting the auditors to certify your balance sheet—is that not so?" Mr. Brown admitted that there had been some difficulty.

Dr. Sellett: And on Sunday morning you and Mr. Raven met Mr. Sturrock (of the auditing firm of Turner, Sturrock and Brown) at the French Club with a view to inducing him to certify the balance sheet as it had been drawn up in your offices—is that so?

Mr. Brown: Yes.

Dr. Sellett: Your attempt was unsuccessful was it not?

Mr. Brown: Yes.

Dr. Sellett: So then you resolved to sell your seats on the New York Stock Exchange to the Raven Trust Company for U.S.\$130,000. This sum the Raven Trust Company paid to you by a cheque drawn on the A.-O.B.C. It included interest at 6 per cent.—is that so?

Mr. Brown: That is so.

Dr. Sellett: And then you got the balance sheet signed?

Mr. Brown: Yes.

Dr. Sellett: And then the A.-O.F.C. returned the U.S. \$130,000 to the Raven Trust Company, plus the interest—a week later?

Mr. Brown: Yes.

2.6

1/29

Changed Auditors

Prosecuting counsel then asked whether it was not a fact that Turner, Sturrock and Brown had been replaced as auditors of the A.-O.F.C. by Messrs. Thompson and Company and that this was done by a resolution of the Executive Council of the Raven enterprises passed on December 31, 1934. Witness replied in the affirmative.

Dr. Sellett: The minutes of that meeting include a resolution that minutes be not placed at the disposal of the corporation's auditors and that they be furnished with certified copies of only such minutes as are "considered necessary" for the auditors—is that so?

Mr. Brown: Yes.

Dr. Sellett: Now if you had, in your balance sheet for 1934, given proper information, your balance sheet would not have shown the profit it did?

Mr. Brown: We gave the auditors all the information they wanted.

Dr. Sellett: Did you expect the auditors to divine that the account R. T. Co. 106-L.7 was the A.-O.F.C.'s own account?

Mr. Brown: They didn't ask whose account it was.

Dr. Sellett: As a matter of fact they did inquire about that account and about all the other cipher accounts and they were told that these were accounts of clients of the A.-O.F.C.—formally a correct statement, but actually entirely misleading and therefore dishonest.

Clients Furnished "Margin"

Prosecuting counsel then led the witness to admit that at the time the Raven concerns crashed, fully-paid securities belonging to customers of the A.-O.F.C. were actually financing half of the total margin requirements of the A.-O.F.C. in its account with Pierce and Company.

After this admission, Mr. Brown was asked whether the knowledge of this position didn't bring home to him the significance and importance of determining just what were the rights and duties of the A.-O.F.C. in the handling of customers' fully-paid securities.

In reply, Mr. Brown said he did not realize that the figures involved were so big.

Dr. Sellett: But what about the report by Mr. Haley (which showed that the A.-O.F.C. was holding U.S. \$150,000 of customers' fully-paid securities, of which only U.S. \$50,000 were in safekeeping)?

No answer being given, Dr. Sellett fired his next question at the witness: "So then you admit that you used these fully-paid securities to finance the A.-O.F.C.'s own business?"

Mr. Brown: Yes.

Unprotected Accounts

Dr. Sellett: This at a time when Mr. Raven had the huge unprotected balance of U.S. \$116,000 outstanding against him on the books of the A.-O.F.C. when there was your own unprotected account, the account of Mr. James Price, the legal genius of the company, and the accounts of other officers of the A.-O.F.C. and their associates?

Mr. Brown: Yes, but the accounts were not entirely unprotected.

Dr. Sellett: With that situation before you, did it not occur to you that it was improper to use fully-paid shares of customers in the way that you did?

Mr. Brown: We were able to make delivery at any time.

Dr. Sellett: But only by action which would have resulted in the closure of the A.-O.F.C.—is that not so?

Mr. Brown: No, we possessed borrowing ability and could have sold out our seats on the New York Stock Exchange.

Further questions by Dr. Sellett elicited the information that margin cards of the cipher accounts were always kept on Mr. Brown's desk in the office and not in the file with the other cards. "Was this because you wanted to have them constantly under attention to see that the accounts were properly margined, or because you wanted the position of these accounts concealed from others in the office?" Dr. Sellett asked.

Mr. Brown: Because I wanted to have them under my constant attention in regard to margining.

Dr. Sellett then switched to the transactions with Mr. Lucien Claude Basset, one of the complaining witnesses in the case. Mr. Brown had testified earlier that had he known that Mr. Basset had not signed a hypothecation consent form he would have instructed that this client's account be closed.

Dr. Sellett: Have you thought over the testimony you gave on this point yesterday? Is there anything you would like to change.

Veracity Questioned

Mr. Brown's reply was in the negative and Mr. Franklin, counsel for Mr. Brown, objected to the line of questioning.

Dr. Sellett: I only wanted to try and save the time which will be consumed in calling a witness for rebuttal. It can easily be proved that the witness told an untruth in this matter.

To Mr. Brown: Did you not tell Miss Woolley that it was not necessary for Mr. Basset to sign a hypothecation consent?

Mr. Brown: I don't remember, but I do know that I always insisted that all clients sign these consents.

Dr. Sellett: Was Mr. Raven kept informed at all times as to the amount of fully-paid shares in the margin account with Pierce and Company?

Mr. Brown: Yes.

As the afternoon session drew to a close, Dr. Sellett proceeded to question Mr. Brown in respect to the charges set forth in the indictment, dealing with the last charge first.

Dr. Sellett: When you wrote a letter to Pierce and Company on May 16, 1933 forwarding Mr. Kirkland's shares, did you intend that those shares be placed in the margin account, or did you just make a mistake?

Mr. Brown hesitated for a long time. Prosecuting counsel followed up: "Did you, knowingly and intentionally, in transmitting those shares to Pierce and Company, intend that they be placed in the margin account?"

Judge Helmick: The answer can be just "yes" or "no."

Mr. Brown: Yes, but knowing quite well that we owed them to Mr. Kirkland.

Dr. Sellett: Did you not know that in the margin account these shares of Mr. Kirkland would be used by Pierce and Company as security for the A.-O.F.C.'s debit balances, just as all other shares were similarly used?

Mr. Brown: Yes.

Dr. Sellett: Now, regarding the cheque for Sh. \$549.18 which you received from Mr. C. R. Jones on March 18, 1935, for the purchase of 50 Electric Bond and Share stocks. You deposited that cheque in the A.-O.F.C.'s dollar account with the A.-O.B.C. Did you intend the proceeds of that cheque to be mingled with all the other funds of the A.-O.F.C. with the bank, and used as if it were the A.-O.F.C.'s own money?

Mr. Brown: That was the way we handled all receipts. We didn't keep the various items separate.

Dr. Sellett: So you intended that the cheque be used for the A.-O.F.C.'s general purposes?

Mr. Brown: Yes.

Dr. Sellett: In other words, you did not intend using the proceeds of the cheque to purchase the 50 Electric Bond and Share stocks ordered by Mr. Jones?

Mr. Brown equivocated and replied that part of the proceeds went to purchase the 50 shares, but not all at one time.

Dr. Sellett: But were those shares fully paid for at any time?

Mr. Brown: No.

Dr. Sellett: Now we come to the Yates transaction.

Mr. Brown: This was the same as in the Jones case.

Dr. Sellett: You intended the same things as in the Jones case?

Mr. Brown: Yes, that's the way we handled it.

Dr. Sellett: And the Curtis-Wright shares which Yates ordered and paid for with his cheque for Sh. \$1,225.97—were they always left in the margin account with Pierce?

Mr. Brown: Yes.

Dr. Sellett: Now the Howard transaction, Mr. Howard gave you a draft for U. S. \$507.60 on July 7, 1934. When happened to it?

Mr. Brown: It was deposited in the account of the A.-O.F.C. with the A.-O.B.C.—the U. S. dollar account—as with other similar transactions.

Dr. Sellett: And it was not used to buy and pay in full for the 30 Douglas Aircraft shares which Mr. Howard ordered?

At this stage the Court adjourned until 9.30 a.m. to-day.

Morning Proceedings

Most of the morning session was devoted by Dr. Sellett to cross-examination of Mr. Brown on the subject of the so-called short sales made on Mr. Raven's account, R. T. Co. 101-1.1, shortly before the crash of the Raven enterprises last year.

Mr. Brown said that Mr. Raven had not been consulted about the sales on his account, which took place on May 2, 1935, five days before Mr. Brown sailed for

Manila. Mr. Raven was in Shanghai at the time and could easily have been reached, Dr. Sellett brought out.

"Did it not occur to you," he asked Mr. Brown, "that in involving Mr. Raven in a transaction amounting to U. S. \$104,000 you might have consulted Mr. Raven?"

Mr. Brown: As I recall, it was after 5 o'clock and Mr. Raven had left the office.

Dr. Sellett: Could you not have reached him by phone?

Mr. Brown: Well, yes.

Dr. Sellett: Did you make any effort to get in touch with him?

Big Deal Alone

Mr. Brown: No.

Dr. Sellett: Must we understand that in a transaction involving U. S. \$104,000 you acted without his authority?

Mr. Brown: That's the actual fact.

Dr. Sellett then asked witness whether the market had not moved upward as he (Mr. Brown) had anticipated and contrary to

the expectations of his colleagues in the firm, who were anticipating a drop, with the result that there was an actual loss on the "short sales" effected through Mr. Raven's account of U. S. \$9,000. The reply was "yes."

Prosecuting counsel then took up the point that the transaction was not a short sale in any real sense of the term, "as all you did was to take U. S. \$104,000 worth of securities of various clients and sell them."

"Baldly, isn't that the fact?"

Mr. Brown: No, we set it up as a short sale.

Dr. Sellett: Actually you cabled to Pierce and Company to sell so many shares, and the only shares they had were shares belonging to your clients?

Mr. Brown: That happened to be true.

Dr. Sellett: Now, having committed Mr. Raven to the extent of U. S. \$104,000, did you tell him about it when he came to the office next morning?

known as "bucketing," Dr. Sellett produced a bundle of copies of A.-O.F.C. cablegrams and proceeded to shoot some exceedingly pointed questions at the witness.

Dr. Sellett: You gave instructions that orders were not to be matched, did you not?

Mr. Brown: I don't recall giving instructions, but several orders were matched in 1933.

Dr. Sellett: With your approval?

Mr. Brown: Yes.

Dr. Sellett: Why did you testify differently yesterday?

Mr. Brown: I didn't approve at first.

Dr. Sellett: Why did you change your story—because you saw all these cablegrams here?

Mr. Brown: I thought it over last night and remembered that we had matched many orders in 1933.

Prosecuting counsel then suggested that employees of the company had been reprimanded by Mr. Brown if orders were not matched when it was possible to

Mr. Brown: I don't recall that I did.

Consulted Driscoll

In answering Dr. Sellett's questions regarding the general manner in which the A.-O.F.C. handled customers' fully-paid securities, Mr. Brown said he had consulted Mr. Driscoll. He was sure Driscoll agreed with the procedure, but he could not remember the date on which he had discussed the matter with him.

Dr. Sellett: Then is it not strange that Driscoll should have insisted, as he testified here, that the shares of Mr. Maurice Benjamin be transferred to safekeeping.

Mr. Brown: Two different relationships were involved. One was a trust matter, the other was a trading matter.

Turning to the question of "matching" orders, that is, selling out a "long" client in order to effect a short sale, a practice

match them, Mr. Brown didn't remember.

Dr. Sellett: Didn't you deliberately lie about this matter of matching orders when you were on the stand yesterday? I repeat, didn't you deliberately lie about it?

Mr. Brown: No, I said we had matched orders. I didn't remember all. My memory has since been refreshed.

Dr. Sellett: I suggest that there was so much matching that you could not possibly have forgotten. And wasn't the effect of your testimony yesterday that you disapproved of matching?

Mr. Brown: I don't think so.

Towards the close of the morning session, in the course of an argument between counsel for the defence and Dr. Sellett as to the necessity of certain evidence, Judge Helmick intervened with the remark that the cross-examination of Mr. Brown was long-drawn-out because of the evasive answers of the defendant-witness.

Price Blamed For Deals With Fully-Paid Shares And Code Number Account

Exhaustive Questioning Of Brown Persists During Third Day; Prosecutor Breaks Down Argument Of Cable Costs Against Safekeeping

RAVEN TOOK "CONSERVATIVE ATTITUDE," DID NOT DISCUSS PROPRIETY

Ending his third day of examination and cross-examination on charges of larceny, fraud and embezzlement which are being brought against him and Mr. Frank Jay Raven as officers of the defunct American-Oriental Finance Company, Mr. J. Warner Brown held again yesterday to his denial that he had dealt illegally with clients' fully-paid shares which were put into the A.-O.F.C. "margin" account and hypothecated to Messrs. E. A. Pierce and Company. During another day of gruelling questioning on the mass of documented evidence piled up by the prosecution, he maintained that the policy of the firm had been correct "so long as the company was strong and able to deliver shares to clients when wanted."

Dr. George Sellett, prosecuting for the Government in the U.S. Court for China, was unable to draw from witness any statement regarding Mr. Raven's part in the policy of the company, other than a statement that he had taken a "conservative attitude."

Sitting and standing room was again at a premium when court opened in the morning. A bevy of housewives had come with their needles and knitting wrapped up in towels, to settle down for the morning. Mr. M. Spelman and a number of financial men were in time to get front row seats, while a well-known cabaret owner was comfortably ensconced in the rear.

J. Warner Brown carried his bulky brief-case to the witness-stand and as Dr. Sellett prepared to resume questioning him, he said: "I would like to correct a statement I made on Saturday regarding bucketing. I was misled by Dr. Sellett. All of our orders were put through E. A. Pierce as actual sales. My statements were that we did nothing illegal in the A.-O.F.C. in the way of bucketing."

Matching Sales

Dr. Sellett: What do you mean—that every purchase was a sale through E. A. Pierce? Did you ever match sales?

Brown: Yes, occasionally. Every time you had a buyer and a seller for the same stock it was the policy of the company to match sales?—Yes, generally.

Out of a barrage of questions arising from this lead, witness contradicted his first statements and said that he did not approve of "matching" and that very few such transactions had taken place.

Dr. Sellett: You did nothing to prevent that practice?—I didn't approve of it.

Well, if you didn't approve of it, who did approve of it?—The cable department.

Weren't you the manager?—Yes.

I put it to you that you knew it was the policy of the company and that it was carried out continually—No.

"Name One Person"

Seeming to be greatly interested in witness' statement that he had not approved of this policy, Dr. Sellett asked: "Name one person in the company whom you told not to match orders—just one person."

A long silence ensued, after which Brown said he could not remember, but that he had not approved from the very beginning.

Then he said he thought he had issued instructions.

Dr. Sellett: What happened? I told them not to do it again.

That was all that happened?—I don't remember one such transaction a year.

Now, what are we to believe?—I didn't approve of it. It wasn't the policy of the company.

Charged Cables, Taxes

A period of relentless questioning on another tack ensued in which Dr. Sellett wrung from witness a qualified admission that, although no cable expenses were incurred when "matching orders" occurred, clients were nevertheless charged with cable costs. Witness said he thought this was usual banking practice, in exchange transactions, etc.

Dr. Sellett: Do you know that any other bank than the American-Oriental Bank followed this practice. Any reputable bank?—I heard that it was.

You charged each client with the stock exchange tax?—I don't know. I didn't see how the orders were made up.

You, as manager of the A.-O.F.C. for five years, didn't know that clients were charged this tax?—No.

The prosecutor's manner grew gentle again as he asked witness about his statements made on Friday, in which he justified the practice of keeping fully-paid stocks of clients in the A.-O.F.C. margin account. He asked him to recapitulate them. Witness said that they were: the prohibitive cable costs which clients would not absorb; the fact that the company was strong and able to deliver shares whenever wanted by the clients; the fact that clients might want to use fully-paid shares as margin for trading or in connection with exchange transactions.

A Complainer

Dr. Sellett: Did you ever find a client who complained about the prohibitive cost of cables?—Yes, Mr. Crowe, of the Ford Motor Exports.

Dr. Sellett: I submit that is an example. His shares were being delivered to a bank in New York, were they not?—Yes.

Was Mr. Crowe told his shares were being kept in the margin account?—I don't think so.

Was there ever a client during your five years' experience who didn't want his stocks put in safekeeping because of prohibitive cable charges?—Witness did not answer.

Dr. Sellett then tried, unsuccessfully, to get a definite statement on the attitude of Mr. Raven towards the propriety of keeping fully-paid shares in the margin account. Mr. Brown would only say that the attitude of Mr. Raven had been one concern for clients' protection and that he had taken a "conservative attitude."

What Mr. Raven Wanted

Then we may believe that he wanted the fully-paid shares kept in safekeeping?—Witness replied in the affirmative, but qualified his answer in several different ways.

I want to know whether you did or did not discuss it?—I think that we discussed it and that he took the conservative view that something should be done about it.

What were you going to do about it?—We didn't discuss that.

I am very much interested to know on just what side Mr. Raven was, when the decision was made to deal in the way you did for five years?—He was on the conservative side.

Returning to the matter of "prohibitive cable costs," Dr. Sellett drew from witness an estimate that it would cost U.S.\$5 to instruct E. A. Pierce to buy and put shares in safekeeping. Then he admitted that a code word for "buy and put in safekeeping" would cost no more than the word "buy." For putting them in and out of safekeeping it would cost about U.S.\$1.50.

Why Prohibitive

Is that prohibitive?—I don't think that your example is average. We would have to include a statement of the balance of shares in safekeeping.

Why? You never did it by letter, did you? Why should you adopt Pierce and Company procedure just because you are using a more expeditious way of sending messages?—I think we would have to do it.

These practices of the A.-O.F.C. were fully known to you and Mr. Raven?—It was known to me.

Did you ever discuss with Mr. Raven in the last three or four years the matter of fully-paid shares?—I think I remember mentioning Mr. Halley's report.

Dr. Sellett was unable again to get any definite answer regarding conversations with Mr. Raven. Exasperated, he asked: Is this one subject upon which your memory is very, very dim or are you now in the sorry predicament of being manager of this company for five years and yet not being able to recall what view your superior took regarding fully-paid shares?

The "Conservative Attitude"

Mr. Brown said he took the "conservative attitude," but would not elucidate further.

Dr. Sellett: Then we have it this way—that the A.-O.F.C., for four-and-a-half years while you were its manager, consistently hypothecated fully-paid securities and the responsibility for doing so was shouldered entirely by you?—Largely.

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fully-paid shares in this way?—
Not single-handed.

Who else?—I discussed it with various people and they agreed for the reasons mentioned that it was legal.

Dr. Sellett: Did Mr. Raven agree or did he not agree with your method of handling customers' fully-paid shares?

Mr. Brown: He generally agreed with proposals I put up to him.

Yes Or No?

Dr. Sellett: Did he or did he not agree with the practice in handling fully-paid shares—did you ever discuss the matter with him?

Mr. Brown: No, I did not bring the matter up with him.

Dr. Sellett: During the several years that you were with the A.-O.F.C. did you not mention the matter of handling fully-paid shares even in casual conversations with Mr. Raven?

Mr. Brown: Yes, casually.

Dr. Sellett: Did Mr. Raven take an interest in the affairs of the A.-O.F.C.?

Mr. Brown: Yes.

Dr. Sellett: Where was his office in relation to yours?

Mr. Brown: Before he moved his office to the building of the Asia Realty Company it was next door to mine in the building at 29 Nanking Road.

A Connecting Door

Dr. Sellett: Was there a connecting door between your two offices?

Mr. Brown: Yes.

Dr. Sellett: Was it used by both of you in passing to and from each other's offices?

Mr. Brown: Yes.

Dr. Sellett: How long did you have these connecting offices?

Witness replied that he and Mr. Raven had these connecting offices during the latter part of 1930, the greater part of 1931 and also during the early part of 1932. He discussed A.-O.F.C. affairs with Mr. Raven almost daily during those periods.

Dr. Sellett: Was Mr. Raven available to the managers of all his corporations in about the same degree?

Mr. Brown: Yes.

Dr. Sellett: What salary did Mr. Raven draw from the A.-O.F.C.?

Drew An Allowance

Mr. Brown replied that he drew an allowance and not a salary.

Dr. Sellett: What is the difference between an allowance and a salary?

At this point Mr. Evans objected on the ground that the Court had previously ruled that the question of the salaries drawn by Mr. Brown and Mr. Raven was immaterial. "I don't object to the question as such," counsel said, "but it seems to me a waste of time to seek information which is immaterial."

Dr. Sellett: Very well, we'll wait until Mr. Raven takes the witness-stand—that is, if he does take the witness-stand.

An Improper Remark

Mr. Evans protested that this was an improper remark, as counsel for the prosecution had no right to suggest that Mr. Raven would not take the witness-stand. Judge Helmick ordered that Dr. Sellett's remark be stricken from the record.

Dr. Sellett: Now, Mr. Brown, what salary were you getting from the A.-O.F.C.?

Mr. Brown: The highest salary I received was Sh. \$2,200 per month. At one time it was Sh. \$1,760.

Dr. Sellett: So the highest salary you received was Sh. \$2,200 and the lowest Sh. \$1,760—is that so?

Mr. Brown: Yes. But I paid in five per cent. of my salary to a superannuation fund. To this five per cent. the A.-O.F.C. added five per cent.

Further questions to the witness by Dr. Sellett elicited the information that Mr. Brown had been absent from Shanghai on several occasions during his employment with the A.-O.F.C. He took two weeks' vacation in 1932, another two-three weeks in September, 1932. During February-March, 1934 he was on a trip to Hongkong, Canton and Manila. In June, 1934, he went to the U.S.A. via Siberia, returning to Shanghai in October of that year. In January-February, 1935, he spent about one month in Manila. Finally, on May 7, 1935 he again proceeded to Manila and was still there when the Raven concerns crashed.

Dr. Sellett: So, except for the periods mentioned, you were continuously in Shanghai while in the employ of the A.-O.F.C.?

Mr. Brown: Yes, apart from visits to Nanking for a day or two.

Mr. Brown's Duties

Witness said that he performed the duties of Vice-President, Manager and Director of the A.-O.F.C.

Dr. Sellett then switched his cross-examination to the question of the fully-paid shares of Mr. Maurice Benjamin, whose name was mentioned in the course of evidence tendered for the prosecution as a customer whose shares had been transferred to safekeeping "little by little" at Mr. Driscoll's insistence.

Answering Dr. Sellett's questions, Mr. Brown said that the question of transferring these shares to safekeeping was discussed by the Executive Council of the Raven enterprises in September, 1933, after the matter had been talked over by Mr. Brown and Mr. Driscoll.

Dr. Sellett: Did Mr. Driscoll ask you to transfer these shares to safekeeping?

Mr. Brown: Yes.

Dr. Sellett: And what was your reply?

Mr. Brown: I told Mr. Driscoll that the R. T. Co. cipher accounts would have to be properly margined before anything could be done.

Dr. Sellett: Did you suggest to him that it would be inconvenient to transfer Mr. Benjamin's shares to safekeeping?

Mr. Brown: No, I was concerned to get these cipher accounts properly margined.

Huge Debit Balances

Dr. Sellett: One of these accounts, R. T. Co. 101-1.1, which was the account of Mr. Raven—this account had a debit balance of U.S. \$100,000 or more throughout the summer of 1933? When all the securities in it were sold out after the crash, there remained a debit balance of U.S. \$116,000—is that correct?

Mr. Brown: Yes.

Dr. Sellett: Did you know that this account was heavily undermargined in 1933?

Mr. Brown: Yes.

Dr. Sellett: What efforts did you make to get Mr. Raven's account properly margined?

Mr. Brown: I took the matter up with Mr. Driscoll.

Why Not Directly

Dr. Sellett: Were your relations with Mr. Raven not such that you could have taken such an important matter up with him directly?

Mr. Brown: This and the other cipher accounts were Raven Trust Company accounts. I looked to the Raven Trust Company and, therefore, spoke to Mr. Driscoll.

Dr. Sellett: Did you not mention it to Mr. Raven, even in a small way?

Mr. Brown: Yes.

Dr. Sellett: What did Mr. Raven say?

Mr. Brown: He told me he would take the matter up with Mr. Driscoll.

Afternoon Session

Seemingly untired after the grilling morning session, Dr. Sellett continued in the afternoon with a presentation of various documents concerned with the putting of shares in safekeeping. Producing a letter from Mr. Driscoll referring to the shares of Mr. Maurice Benjamin, which said in part: "if it should be inconvenient for you to transfer these shares at this time," he asked whether any reason occurred to witness why this expression should have been used. He replied that he could think of none.

Dr. Sellett: Perhaps I can suggest one. You would have had to put up cash amounting to three-quarters of the value of the securities to get them out of margin. Don't you think that is the reason why he used that expression?—No.

Wasn't it a consideration of any importance?—We could have done it.

Considered A.-O.F.C.

Questioned on the record of minutes at which it was "decided to set aside the shares little by little so that most of them would be transferred by the time Mr. Benjamin returned to Shanghai," Mr. Brown said he refused to release them because the R. T. Co. accounts were undermargined and he kept insisting upon more security. He denied knowing of any reason for the reference in the minutes to the return of Mr. Benjamin, but finally said he might have differed from the view of others on the Executive Council. He was looking after the interests of the A.-O.F.C.

They were influenced by the fact that the shares belonged to Mr. Benjamin, that they didn't belong to the Finance Company, while you were thinking of the A.-O.F.C.—They took the other position.

That the property belonging to Mr. Benjamin should be put in safekeeping?—Yes.

Taking up the matter of the R. T. Co. accounts. Isn't it a fact that there was a general increase in the debit balances in these accounts from the opening until the close of the company?—Witness admitted that there was.

Looking at the minutes of that meeting, the letter to E. A. Pierce transferring the Benjamin shares, the letter from Driscoll on that matter—do you still insist that you were using it simply as a lever to get more margin?—Yes.

You have no explanation for the words "inconvenience," no explanation for the mention of Mr. Benjamin's return to Shanghai?—No.

How about your own account?

In the summer of 1933 until January, 1934. Was there an improvement in the general condition?—I don't recall.

Brown's Losses

Dr. Sellett then produced records which showed that the account of witness had gone from a debit balance of U.S. \$21,000 in June, 1933, to a debit balance of U.S. \$70,000 in January, 1934.

And that was the period during which you were objecting to the transfer of the Benjamin shares into safekeeping. Do you still want us to understand that you are giving a full and frank statement?—Yes.

And it was easy to fulfill the margin requirements of E. A. Pierce?—Most of the time.

And you actually had more than the amount of your paid-up capital invested in shares of the Raven Group?—I don't think so.

Dr. Sellett then referred to a letter written by Mr. Brown to Mr. Price in New York in which he said, in part, that "we have borrowed to the limit with local banks and Kleffel refuses to grant more loans. We are carrying the Raven accounts for over a million dollars."

Transferring his interest then to the account called 106-1-7, which he called a "queer creature" which was consistently dealt with as though the debit balance it showed was an asset of the A.-O.F.C., Dr. Sellett asked why it came into being. Witness said it was the trading account and the error account.

Why didn't you carry it just as the A.-O.F.C. trading account?—It was one of Mr. Price's ideas. He suggested that we do it.

Manipulation Seen

And if it had been incorporated in the balance sheet as it should have, it would have showed, instead of an asset of U. S. \$117,000, a debit of U. S. \$204,000 when the value of the securities had been allowed for?—Yes.

And the balance sheet would have showed a loss instead of a profit?—Unless we took it out of reserves.

In order to show a profit you had to write your reserves down?—We wrote them down because of investments.

Yes, your investments were depreciating. It would have been written out of reserves rather than to show a loss. That was

the policy of the company, wasn't it?—Witness did not answer.

Wasn't the matter of public confidence an important thing when you made up the balance sheet?—We wanted to show as good a sheet as we could.

Out of an admission that the code account was of no assistance to the A.-O.F.C. in dealing, Dr. Sellett proceeded to ask whether or not the auditor might not have been thus induced to believe that the account was a bona-fide client's trust account. Witness said he didn't think so, that they could have asked him.

Did they in fact ever ask you about the R. T. Co. accounts?—No.

Suppose they had asked what R. T. Co. 106-1-7 was in the spring of 1935?—I would have told them.

Do you think the auditor would have permitted it to be set up as an asset of the Finance Company?—I don't know.

Do you think that any auditor worthy of confidence would have permitted it?—There was no answer from witness.

Don't you recall the auditors asking about the accounts and being told they were clients of the Raven Trust?—No.

If I recall your testimony correctly you said that your account had been transferred to Mrs. Brown's name because the auditors objected to a director having an account. What did the auditors say to you on this occasion?—They wanted me to pay it off or to make some other disposal of it.

Put In Wife's Name

And you transferred it to her name in early 1935 prior to the certifying of the balance sheet for 1934?—Yes.

Did you discuss this with Mr. Raven?—I think so. I discussed with him the matter of a loan from the bank to pay it off. I made a loan of \$20,000. I may have talked the other matter over with him, but I can't remember.

As manager of the A.-O.F.C. you transferred an account of U. S. \$48,000 without the knowledge, approval or consent of Mr. Raven?—Did you inform him of this at any time?—I think I did.

Did you remain responsible for the account?—I think I signed the signature card.

Was the \$20,000 from the A.-O.B.C. ever actually paid into

the account?—I made the loan with Mr. Walter Raven and later it was recalled.

Why?—Because I could not supply the security I thought I could get.

Turning to the Haley account, in which mention was made of the "dangerous position" with regard to fully-paid shares kept in the margin account, which stated "we are wide open to legal procedure if such a position should come about," Dr. Sellett asked witness whom he had discussed this report with. He said he might have talked it over with Mr. Rosse, but he did not remember that he took any particular stand on the matter.

Did you discuss it with anyone else?—I don't recall any direct conversation with anyone.

Didn't it occur to you to take it up with Mr. Driscoll in the same way you did previously with Mr. Price?—I may have mentioned it to him.

Cross-examination of Mr. Brown is expected to continue as court resumes to-day and it is probable that Mr. Raven will take the stand in the afternoon.

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Mr. Brown Admits That Raven Company Engaged In "Bucketing" Deals

Dr. Sellett Relentlessly Questions Defendant On A.-O.F.C. Practice Of Dealing In Fully-Paid Shares Belonging To Customers Of Concern

EVIDENCE FOR DEFENCE STARTS AFTER U.S. COURT DENIES MOTION TO DISMISS CASE

An admission that the American-Oriental Finance Corporation had been engaged in "bucketing" operations in connection with the handling of customers' fully-paid securities was made by Mr. J. Warner Brown in the United States Court for China yesterday morning under cross-examination by Dr. George Sellett, U. S. District Attorney, who is conducting the prosecution of Mr. Brown and Mr. Frank J. Raven on 16 counts of theft, embezzlement and fraud in connection with the collapse of the American-Oriental Finance Corporation and kindred enterprises in May of last year.

The cross-examination of Mr. Brown was continued from Friday, when the defendant first took the witness-stand in his own defence and was confined to the methods of the A.-O.F.C. in the handling of customers' securities which had been paid for in full.

Pursuing his questioning with relentlessness and rapidity, the Assistant District Attorney started off yesterday morning by reference to the transactions which the A.-O.F.C. had with Mr. Lucien Claude Basset, one of the complaining witnesses in the case, who previously testified to the loss of his full-paid securities, amounting in value to about U.S. \$50,000.

Those Signature Cards

Dr. Sellett pointed out that Mr. Basset's signature card was blank on the side provided for hypothecation consent. To which Mr. Brown replied that salesmen had instructions to get both sides of the cards signed.

Dr. Sellett: But some clients paid in full for their shares?

Mr. Brown: Every account was regarded as a trading account. I did not know Mr. Basset's card was not signed on both sides. I insisted that all clients sign the hypothecation consent. That was the rule of the corporation.

Dr. Sellett: Suppose Mr. Basset had refused to sign this consent—would you have told him to take his account out?

Mr. Brown: Likely.

Dr. Sellett: There were some 25 to 50 signature cards with the hypothecation consent not signed—were you aware of that?

Mr. Brown: I was not. I hadn't reviewed them for a year or more.

Prosecuting counsel then asked if E. A. Pierce and Company also demanded that clients who bought fully-paid shares sign a hypothecation consent. Mr. Brown said that they did.

Would Terminate Account

Dr. Sellett: Would you have terminated the Basset account if you had found out that the hypothecation consent was unsigned?

Mr. Brown: Yes.

Dr. Sellett: You would have taken all his shares out of the margin account with Pierce and Company, paying three-fourths of their value to get them out, and turned them over to him, besides paying him his credit balance of U.S. \$5,000?

Mr. Brown said he would.

In the case of the transaction with Major Howard, another of the complaining witnesses who paid for his shares in full and did not sign a hypothecation consent, Mr. Brown said that the fact that Major Howard had given a draft in payment was "all the more reason" why the consent should have been signed.

Dr. Sellett: That draft was drawn by the Shanghai branch of the National City Bank of New York on the New York office of that bank, in favour of the A.-O.F.C. Were you afraid the bank would fold up before the draft could be cashed?

Mr. Brown: It represented an outstanding obligation for 30 days.

Same In Other Cases

In further testimony, Mr. Brown told the Court that he would have told the other complaining witnesses in the case, Messrs. Kirkland, Yates and Brown, to take out their accounts if he had known that they had not signed hypothecation consents. Where these consents had been crossed out on signature cards, it was done without his knowledge or authority. He did not know it had been done until he came to court.

In turning again to the Basset transactions, witness told Dr. Sellett that there was good reason for demanding a hypothecation consent in this case because the client gave no money with his first order.

Dr. Sellett: But what greater protection was there for the A.-O.F.C. if he had signed it—your risk was the same in either case?

Brokerage House Procedure

Mr. Brown: It was brokerage house procedure.

Dr. Sellett: I am aware of that, but a lot of brokerage house procedure was unfortunately not inherited by the A.-O.F.C. And you don't in any case appear to be familiar with that procedure.

On objection by the defence, the last part of Dr. Sellett's statement was ordered stricken from the record.

Prosecuting counsel then selected from the Government exhibits in the case a series of advices and statements sent to Mr. Basset advising this client that the A.-O.F.C. had "on hand" for him 300 A. T. & T. shares and 100 Western Union shares. These were handed to Mr. Brown.

Dr. Sellett: What did you intend Mr. Basset to understand by these statements?

Mr. Evans objected, but Dr. Sellett said his purpose was to show criminal intent, and the objection was overruled. Mr. Brown answered the question by saying that it was intended to convey to Mr. Basset that he was "long" on the shares.

Dr. Sellett: Did you not intend to convey to him that the shares were fully paid for?

Mr. Brown: I don't think so.

Would Not Mislead

Dr. Sellett: Then do you not think that he might have been misled by these statements?

Mr. Brown (after a lengthy pause): The statements only showed that these shares were available for him.

Dr. Sellett: Had he no right to infer that the shares were held for him, free and unencumbered?

Mr. Brown: The statements don't say so. The shares were available to him when he wanted them.

Dr. Sellett: If the A.-O.F.C. had no A. T. & T. or Western Union shares, were the statements still correct?

Mr. Brown: Yes.

"Bucketing" Operations

Dr. Sellett then turned to practices which he described as "bucketing" operations, and drew from the witness admissions that it was the A.-O.F.C.'s practice, to sell out a "long" client in order to effect a short sale.

Prosecuting counsel then posed a hypothetical case. "Suppose," he said, "Client A buys 100 shares of General Motors, paying for them in full. The A.-O.F.C. places the shares in the margin account with Pierce and Company. Later, Client B comes in and places an order for the short sale of 100 General Motors. Would you sell out Client A in order to fill the order of Client B?"

Mr. Brown: Yes.

Dr. Sellett: Suppose Client A comes in and asks for his shares?

Mr. Brown: Then we have to go out and buy them.

Dr. Sellett: Do you tell Client A that that is what you would have to do?

Balance Each Other

Mr. Brown finally answered by saying that the two transactions, Client A and Client B, "balanced each other."

Continuing with his hypothetical example, Dr. Sellett said: "Let us suppose that you bought Client A's 100 General Motors at 25. The market rises. When you have to deliver the shares to Client A, the price is no longer 25, but 50. That will mean that the A.-O.F.C. has lost \$2,500. Are my mathematics correct?"

Mr. Brown: Yes.

Dr. Sellett: So that result is that the A.-O.F.C. has speculated and lost \$2,500, less any commissions which it may have made on the Client A and B transactions?

Mr. Brown: Yes.

Knows About "Bucketing"

Dr. Sellett: Do you know what "bucketing" is? Ever heard of it?

Mr. Brown: Yes.

Dr. Sellett: The transaction we have just described—do you know that that is "bucketing?"

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Mr. Brown: Not when it is through Pierce and Company—through a brokerage house.

Dr. Sellett: If the A.-O.F.C. had handled these transactions as they should have done, they could not have made or lost anything by fluctuations in the market as far as customers' fully-paid securities were concerned. These would have been in safekeeping. But the A.-O.F.C. took a position against its clients and stood to win or lose by fluctuations in the value of the securities. Is that not the case?

Mr. Brown (after a long pause): Yes.

Dr. Sellett: Of course! It's as simple as A.B.C. And that is the way the so-called "short sales" were made.

Mr. Brown: We had very few short sales.

Dr. Sellett: Yes, but such as you had were handled in that way.

What Basset Believed

Reverting again to the Basset shares, Dr. Sellett asked Mr. Brown whether Mr. Basset, after receiving several statements from the A.-O.F.C. showing that his shares were "on hand," was not entitled, as a reasonably intelligent man with business experience, to believe that the A.-O.F.C. actually had the stated number of shares "on hand" for him. "He might be mistaken, but he would logically believe that?" counsel queried.

Mr. Brown: They were available to him if he wanted to get them.

Dr. Sellett: Would he not believe that they were actually in New York, in the hands of Pierce and Company, who supposedly held them for him through the A.-O.F.C.?

Mr. Brown: I don't know what he believed." (Laughter among the audience).

Dr. Sellett: What would you have believed in his position?

Judge Helmick then intervened. "Do you care what he would have believed?" he asked. The Court then adjourned to Monday at 10 a.m.

Friday's Proceedings

In view of the protracted nature of the case, which has already entered its fourth week, and the desire of both the prosecution and the defence to hurry it on as much as possible, the Court took the unprecedented step of sitting on Friday, the opening day of the Chinese New Year. The entire day was devoted to the testimony of Mr. J. Warner Brown, who took the witness-stand in his own defence, and his cross-examination by Dr. George Sellett, Assistant District Attorney.

Shortly after the opening of the session, and after stipulations of formal evidence regarding the liquidation of the Raven concerns had been entered in the record, Mr. Richard T. Evans, counsel for Mr. Warner Brown, submitted a motion for the dismissal of the case against both of the defendants, advancing four grounds in favour thereof.

Motion To Dismiss

First of all, counsel submitted, there was no evidence submitted by the Government which showed larceny. Secondly, the evidence led, after making every fair inference in favour of the government, did not show that either money or goods had been obtained by the defendants by false pretences. Thirdly, the evidence, allowing every fair inference in favour of the Government, did not show that there had been any conversion by the defendants either of money or shares which would sustain the charge of embezzlement. Fourthly and finally, there was no evidence of felonious or criminal intent.

Replying briefly, Dr. Sellett read correspondence which had passed between the American-Oriental Finance Corporation and a Mr. M. S. Chen, who had testified for the prosecution as to certain supposedly safekeeping share transactions which he had with the corporation. He then proceeded to analyze some of the evidence for the prosecution and to quote authoritative cases in rebuttal of the contentions of the defence.

Each defendant was not guilty of every count in the indictment, Dr. Sellett said. "But," he continued, "when there is intent from the very beginning to appropriate property, then it becomes larceny. What happened to the property after the defendants laid their hands upon it is just exactly what they intended to happen to it. This is larceny by trick.

Words Unnecessary

"No words, written or spoken, are needed to lay the basis for false pretence. The defendants did not have to tell Mr. Basset, for example, that his shares were safe. Does anyone suppose that Mr. Basset would have parted with his money if he had known what was happening. The evidence is overwhelming of continued embezzlement in the Basset transactions.

"With regard to the Howard case, the Government is aware that the defendants were not in Shanghai. But from at least May 13, 1930, both defendants knew that all business with these complaining witnesses would be carried on as it was in fact carried on. It does not matter whether they were in the United States or Timbuctoo; they knew their subordinates would carry on according to design.

Evidence Said Conclusive

"I submit," Dr. Sellett concluded, "that the Court has no alternative but to overrule the motion. The evidence is conclusive and overwhelming."

Judge Helmick: In face of the Chen testimony, the motion to dismiss is overruled. The defence may now present their case.

Mr. John Warner Brown, co-defendant of Mr. Frank J. Raven, then took the witness-stand.

Replying to his counsel, Mr. C. S. Franklin, he said that he was an American citizen, 46 years of age, and had considerable experience in American banking institutions. He came to China in the latter part of 1918 to audit the books of the Presbyterian Mission in South China. He continued with the Mission until 1923 and then joined the American-Oriental Banking Corporation. He was married in 1914 and had three children. His wife was now in California.

Requested By Raven

It was at the request of Mr. Raven that he joined the A.-O.F.C., his first post being that of assistant manager. In 1925, he became manager of the Tientsin branch of the bank. He went on home leave in 1930 and upon his return in September of that year joined the A.-O.F.C. at Mr. Raven's request.

Mr. Brown said he never been an officer or director of the American-Oriental Banking Corporation, the Raven Trust Company or the Asia Realty Company.

When he joined the A.-O.F.C. in 1930, he became a director and vice-president. At that time he had had no experience of finance company work, nor experience of trading in New York securities or commodities. While on home leave in 1930, however, he spent two weeks in the offices of E. A. Pierce and Company, San Francisco, studying these classes of business in relation to share dealings, both "margin" and fully-paid. He went through the various departments under the guidance of Mr. Wood and Mr. Curtis, officials of E. A. Pierce and Company.

Mr. Price Advises

"In 1930," witness continued, "Mr. Price was secretary and legal advisor to the A.-O.F.C. with Mr. Frank J. Hill as his assistant. Mr.

Price passed on all forms, including signature cards, from a legal standpoint. I discussed with him procedure in regard to fully-paid shares. I also talked to Mr. Hill and Mr. Raven on the same subject. Mr. Price told me it was quite legal for us to carry fully-paid shares in our margin account with Pierce and Company as we were not subject to the rules of the New York Stock Exchange, and provided we kept our financial position so that we could meet any demand made on us for delivery of shares."

Mr. Franklin: Did Mr. Price give any reasons for that procedure?

Mr. Brown: Yes, he said it was a different matter with Pierce and Company, because they were members of the New York Stock Exchange while the A.-O.F.C. was not. The A.-O.F.C. was therefore not bound by the same procedure. He also referred to the cost of transferring shares in and out of safekeeping daily, which he said would be prohibitive on account of cables.

Mr. Franklin: Did you consider the possibility of placing securities in safe-keeping by means of letters to Pierce and Company, instead of by cabling?

Safekeeping Unnecessary

Mr. Brown: Yes, I discussed that with Mr. Price. He said it would not be necessary so long as we maintained a cash position and were able to deliver shares on demand.

Mr. Franklin then asked the witness whether he also had an account with the A.-O.F.C. Witness said that he did, under his own name.

"Why did you transfer that account into your wife's name?" counsel queried.

Mr. Brown: Because the auditor said he didn't want a director of the corporation to have an account on the books.

Questioned regarding the extensive "short" sales in April and May, 1935, just before the Raven concerns crashed, and which were the subject of considerable testimony by witnesses for the prosecution, Mr. Brown said the question of making these sales through the cipher accounts 160-L7 and 101-I1, the first of which was the A.-O.F.C.'s account with itself and the second the account of Mr. Raven, came up for discussion in April. Several officials felt that the market was well down and favoured making short sales. He (Mr. Brown) was opposed because he thought the market was due for a rise, which was what actually happened in May.

No Cash Needed

Mr. Franklin: Did you consider at that time that the A.-O.F.C. was in need of cash?

Witness: I did not.

Mr. Brown added that neither in his opinion, did the American-Oriental Banking Corporation need cash. He knew that money was "tight," but not more so than during the preceding six months.

Replying to further questions, Mr. Brown told the Court that he left Shanghai for Manila on May 7, 1935, and had no idea at that time that the American-Oriental Banking Corporation was in a precarious condition.

"When I was told by Mr. Cook in the Manila office that a wire had been received from Mr. C. V. Starr, stating that the Raven concerns had closed down, my first words were that it was not true.

Sellett Cross-Examines

Dr. Sellett then rose to cross-examine the witness and questioned him closely about the knowledge which he had gained regarding the handling of fully-paid shares when he had been for two weeks in the Pierce offices in San Francisco. Counsel for the prosecution then turned to the practice of the A.-O.F.C. in the handling of customers' fully-paid shares.

Dr. Sellett: Assuming I was a client of the A.-O.F.C., and had had no conversation whatsoever with you, or anyone else, as to the manner in which the A.-O.F.C. was going to handle my fully-paid shares, and I came to you and placed an order for 100 A.T.

and T., and when you notified me that my order had been executed I gave you my draft in full payment of the amount of the purchase—regulations or no regulations of the New York Stock Exchange—would not you, as a business man, know that it was your duty to me to make me the owner of those shares and to keep them free and unencumbered?

Mr. Brown: It would depend upon whether you had any outstanding orders.

Dictates Of Conscience

Dr. Sellett (with vigour): I have no outstanding orders and the facts are just as I have related them to you! I have paid you every cent on those shares. Suppose you had never seen Jim Price and never had his expert legal advice—what would your own conscience tell you was the proper thing to do with that property?

Mr. Brown: Hold it for your account.

Dr. Sellett: Would your conscience permit you to take that property and hypothecate it for the account of the A.-O.F.C.?

Mr. Brown: As long as I could

make delivery on demand I should think it would be all right.

Dr. Sellett: You think that under the circumstances described, after I had paid in full for the shares, you would be within your rights in taking them to your bankers and saying: "Here are some shares. Lend me \$5,000 on them." Do you feel you would have a right to do that?

Brown Hesitates

Mr. Brown (after long hesitation): As long as I could repay you at any time—yes.

Dr. Sellett: Suppose you are in the banking business. I come to you and say: "Here are 100 shares of A.T. and T. I wish you to keep them for me. I may want to use them one of these days, to borrow on them from your bank." Would you feel that, under those circumstances, you could take my 100 shares over to the Bank of China and borrow money on them?

Mr. Brown: I don't think that is an equitable question. I think you would have to say whether they were for safekeeping or not.

Dr. Sellett: I don't even say anything about safekeeping. I don't know that word; it is not in my vocabulary. I say: Here are my shares. Some day I might want to borrow money on them." Can you, the next day, take them to the Bank of China and borrow on them for your own bank's use?

Sees No Comparison

Mr. Brown (after a long pause): I don't think there is a comparison with this business, considering the distance from New York.

Dr. Sellett: In your business as a banker over a period of some 13 to 15 years, you had occasion to receive from time to time, from bank clients, certain property, other than money—stocks, property or bonds, etc.?

Mr. Brown: Yes.

Dr. Sellett: Did you ever feel at liberty, in any of those cases, to take that property and hypothecate it for the bank's purposes?

Mr. Brown: No.

Dr. Sellett: Do you think that a different code of ethics, or morals, or whatever you want to call it, would be applicable in a brokerage concern?

Defendant Silent

Mr. Brown did not reply.

Dr. Sellett: Let us go back to San Francisco. You wrote a letter from there to Mr. Raven on May 13, 1930, stating: "I took up with Mr. Curtis the question of securities in the margin account that had been fully paid for. When that happens with Pierce, they take them out of margin and place them in safekeeping. We will arrange to do this, as the liability in this respect is considerable in case we should have such shares in our margin account and borrowed against them." Were you surprised that Pierce and Company should handle fully-paid shares in that way?

Mr. Brown: No.

Dr. Sellett: Of course not! You would know that the broker has no business hypothecating or en-

cumbering property which belongs to clients? You would understand it in that way, even if you had never heard of the rules of the stock exchange—wouldn't you?

Mr. Brown: Yes.

Dr. Sellett: So, when you learned how Pierce and Company were handling safekeeping shares, you didn't think that the only reason they set them aside was because there was some rule of the stock exchange? Your common sense told you that they had to be kept free and unencumbered?

Mr. Brown: You treat them in such a way that when delivery is called for you are able to make it.

His Mental Attitude

Dr. Sellett: Before your return to China, I submit that your mental attitude was that fully-paid shares should be kept free and unencumbered—is that not so?

Mr. Brown: Yes, that is why I wrote that letter to Mr. Raven on May 13, 1930.

Dr. Sellett: And in that letter you say not one word about the regulations of the New York Stock Exchange?

Mr. Brown: No, that is right.

Dr. Sellett: Did you subsequently change your mind on the question of setting aside, in safekeeping, customers' fully-paid shares?

Mr. Brown: Yes, in the course of the next year. I was chiefly influenced by Mr. Price's counsel. I discussed the matter with Mr. Raven. The thing that impressed me was that the A.-O.F.C. was tremendously sound at the time and that we could make delivery of shares at any time whenever anyone came in and asked for them.

Using Others' Property

Dr. Sellett: Still, you were conscious of the fact that it was someone else's property you were dealing in?

Mr. Brown: Yes.

Answering questions concerning the shares bought and fully paid for by Mr. Lucien Claude Basset, one of the complaining witnesses in the case, Mr. Brown said he did not know that Mr. Basset's shares had been fully paid for, since only short-margined accounts were referred to him.

Dr. Sellett: Would not a proper understanding of your financial position with Pierce and Company and your obligations to your clients necessitate your having full information as to all fully-paid shares? I put this to you as a business man of long experience?

Mr. Brown: Yes.

A.-O.F.C. Had Account With Itself, Listed As Asset

Witness Tells Of Strange Item In Firm's Balance Sheet As Prosecution's Case In Raven Trial Closes; Raven's Salary Said Immaterial

Contrary to expectation, the session of the United States Court for China yesterday morning, at which the Assistant District Attorney, Dr. George Sellett, concluded his presentation of the case for the prosecution in the trial of Mr. Frank J. Raven and Mr. J. Warner Brown on 16 counts of theft, embezzlement and fraud, provided one rather sensational highlight when Mr. Thomas Waung, former chief accountant of the American-Oriental Finance Corporation and the last Government witness in the case, testified as to certain items which appeared in the balance sheet of the A.-O.F.C. when it was still a going concern.

Mr. Waung testified that the A.-O.F.C.'s trading account with itself in New York stocks and commodities had been listed in the balance sheet at the end of 1934 as a collectable asset. This account, the witness said, showed a debit balance of U.S. \$117,914, which amount was secured to the extent of only U. S. \$30,000.

Should Be Written Off

In the course of further testimony, Mr. Waung told the Court that it had been his opinion that this account should be written off entirely and he expressed this opinion to Mr. Warner Brown and to Mr. Weyler. These officials told him that the matter would be taken care of in 1935 by applying to the outstanding balance certain exchange profits which had been made, and which, as far as the witness recalled, amounted to \$50,000 or \$60,000, Chinese currency.

Referring to the sizeable short sales which appeared in the trading account which Mr. Raven had with the A.-O.F.C. and similar sales which appeared in the A.-O.F.C.'s account with itself, in April and May, 1935, shortly before the crash of the Raven concerns, Mr. Waung said that the orders for these short sales had been filled out by Mr. Brown and Mr. Weyler.

The items in question were referred to extensively in the evidence given earlier by Mr. Driscoll and Mr. Haley and more light was shed on them by Mr. Waung.

Witness said he had brought the short sales to the attention of Mr. Warner Brown when they appeared for entry into the books.

"I asked Mr. Brown if these sales had been made intentionally. He replied 'yes.' I then remarked that the market appeared to be taking an upward turn. Mr. Brown agreed. I asked, then, why these sales had been made, and Mr. Brown replied that it was by order of the Executive Council.

In previous evidence it was established that this Executive Council had been set up to direct the destinies of all the Raven enterprises and the evidence given yesterday by Mr. Thomas Waung, regarding short sales, related to a statement made by Dr. George Sellett more than three weeks ago, when, in outlining the case for the prosecution, he declared that this Executive Council, at the head of which stood Mr. Raven, had plunged wildly on the stock market in a desperate effort to save the Raven enterprises just before the crash came.

Salaries Not Material

During the course of Mr. Waung's testimony yesterday, Dr. Sellett tried unsuccessfully to have the witness testify to the salaries which Messrs. Raven and Brown had received from the A.-O.F.C.

Mr. Richard T. Evans, counsel for Mr. Raven, objected that any such evidence was immaterial.

Dr. Sellett: If they received only nominal salaries, that might indicate one thing as to motive or intent. If, however, they received, let us say, salaries of \$2,800 a month, that would indicate something else.

Judge Helmick: The objection by the defence is well taken.

Dr. Sellett: I want the record to show that the Government sought to put in evidence what the salaries were from January 1, 1930, to May 23, 1935, that the defence objected and that the objection was sustained.

Judge Helmick: It seems to me quite immaterial, from the point of view of responsibility, what an officer is paid. His duties and responsibilities are there.

Wants It In Record

Dr. Sellett: I want the record to show the evidence which the Government is seeking to introduce.

Mr. Evans: That's only another way of putting in this evidence, which is precisely what we are objecting to.

Judge Helmick: I cannot see the materiality. The amount of the salaries neither enhances nor diminishes the officers' responsibility. Could they submit as a defence the contention that they were underpaid?

The argument on the point at issue proceeded for several minutes, with the Judge upholding the defence objection.

Dr. Sellett then asked Mr. Waung the number of clients the A.-O.F.C. had when it closed down. The witness replied that there were approximately 450.

The defence is due to get into its stride to-day after submitting a motion to the Court for the dismissal of the charges on the usual ground that the evidence submitted by the prosecution does not constitute a case against the defendants. Both Mr. Raven and Mr. Brown are expected to take the witness-stand in their own defence, apart from any other witnesses whom the defence may call.

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Revealing Testimony Is Given By Mr. Hough And Raven's Own Secretary

Liquidator Discloses In U.S. Court Sorry State Of Raven Concerns; Miss Hibbard Tells Of Mr. Raven's Handling Of Haley's Report

CASE FOR PROSECUTION ENDS TO-DAY; ONLY ONE WITNESS TO BE CALLED

Evidence of considerable importance from the point of view of the prosecution, and of revealing interest as far as the general public is concerned, was tendered yesterday afternoon in the United States Court for China by Mr. Frank L. Hough, Liquidator of the Raven enterprises, and Miss Olive Eleanor Hibbard, formerly private secretary to Mr. Frank J. Raven, at the resumed trial of Mr. Raven, and his confrere Mr. J. Warner Brown, who are charged on 16 counts with theft, embezzlement and fraud arising from the collapse of the Raven enterprises in May of last year.

When the Court, over which Judge Milton J. Helmick presides, adjourned at 4.30 p.m. until 10 a.m. to-day, the defence had finished its cross-examination of Mr. Hough, the last witness to be called yesterday, and Dr. George Sellett, Assistant District Attorney, announced that the Government proposed to call only one more witness. This witness will be called this morning and the case for the defence will then open. Mr. Raven is represented by Attorney Richard T. Evans of Tientsin, while Mr. C. S. Franklin appears for Mr. Brown.

Raven's Secretary Testifies

Efficient-looking, bespectacled, but decidedly pretty, Miss Olive Eleanor Hibbard took the witness-stand for the prosecution and,

replying to questions by Dr. Sellett, told the Court that she was an American citizen, 27 years old, and that she had spent most of her life in Shanghai.

Witness said that she had been in the employ of Mr. Frank L. Hough, Liquidator of the Raven concerns, since the latter closed down in May of last year. Prior to that she had worked for the Raven group for about eight years. At first, she was with the Asia Realty Company, but in June, 1928, she became private secretary to Mr. Frank J. Raven, a position which she continued to hold until the crash.

Dr. Sellett: As private secretary to Mr. Raven, did you have charge of the filing of documents relating to the business of the American-Oriental Finance Corporation?

Miss Hibbard: I did.

Mr. Haley's Report

Witness went on to say that she knew Mr. C. J. Haley, who at Monday's session of the trial testified to having submitted a report to Mr. Raven early in 1934 in which, inter alia, he stated that there existed "a dangerous condition" in the A.O.F.C. with regard to the handling of customers' fully-paid securities, which, instead of being placed in safekeeping, were hypothecated to E. A. Pierce and Company, the A.O.F.C.'s brokers in San Francisco. Nothing had been done about this report, Mr. Haley told the Court

Dr. Sellett: Do you recall that Mr. Haley visited Mr. Raven at his office early in 1934, shortly after his arrival in China?

Miss Hibbard: Yes, I remember it quite well.

Dr. Sellett: Where was Mr. Raven's office situated?

Miss Hibbard: At 50 Nanking Road.

Dr. Sellett: Did you hear any of the conversation between Mr. Haley and Mr. Raven?

Miss Hibbard: No.

Identifies Document

Witness then identified Government Exhibit 307, which is the report which Mr. Haley testified having handed to Mr. Raven in the latter's office at about the time stated.

Dr. Sellett: You have seen this document before?

Miss Hibbard: Yes.

Dr. Sellett: When did you first see it?

Miss Hibbard: When I filed it.

Dr. Sellett then drew the witness's attention to an initial "R" on the top right-hand corner of the first page of the document. "Do you recognize that initial?" he queried.

Miss Hibbard: Yes, it is the initial of Mr. Raven.

Dr. Sellett: In his own handwriting?

Miss Hibbard: Yes.

Prosecuting counsel then drew the witness's attention to the notation "February, 1934" appearing next to the initial. "In whose writing is that notation?" he queried.

Her Own Writing

Miss Hibbard: That is my own writing.

Dr. Sellett: Where did you get this document for filing?

Miss Hibbard: From Mr. Raven's desk, from the place

where he usually deposited all documents intended for filing.

Dr. Sellett: Now, Miss Hibbard, you say you worked for Mr. Raven for about eight years—was it Mr. Raven's practice to initial documents?

Miss Hibbard: Yes.

Dr. Sellett: What did Mr. Raven's initial on a document usually signify?

What It Signified

Miss Hibbard: It signified that Mr. Raven had given it his attention.

Witness then went on to say that she next saw the document when asked by Mr. Hough to look for it in the files. That was after the Raven concerns had gone into liquidation. She found it in Mr. Raven's "H" file, which was a "miscellaneous folder."

Replying to further questions, Miss Hibbard identified Government Exhibit 238 as a letter dated May 13, 1930 from Mr. Brown to Mr. Raven.

Dr. Sellett: Whose initial is that on the letter?

Miss Hibbard: Mr. Raven's.

Dr. Sellett: And the other initials which appear on it?

Miss Hibbard: Those are the initials of Mr. Kleffel and Mr. Brown.

A single question was put to the witness in cross-examination by Mr. Evans. "Do you recall having had any conversation with Mr. Raven regarding the report submitted by Mr. Haley?" he queried. Miss Hibbard replied that she did not.

Mr. Hough On Stand

The next witness was Mr. Frank L. Hough, who is the Liquidator of the American-Oriental Finance Corporation, the American-Oriental Banking Corporation and the Raven Trust Company, and Trustee of the Asia Realty Company, which is undergoing re-organization.

Replying to Dr. Sellett, witness gave his age as 51, nationality American, and said he had been in Shanghai three years. His regular business was manager of the R.C.A. Victor Company of China.

Continuing, Mr. Hough said he had prepared a statement showing the position of affairs of the American-Oriental Finance Corporation as of May 24, 1935, the date on which the Raven concerns failed to reopen. This statement, which witness produced, gave information as to the assets of the A.-O.F.C. at that date, the value of those assets, and particulars of the corporation's liabilities.

In estimating the value of the assets, witness said, he had taken, in cases in which assets had already been realized, the figures at which they had actually been disposed of. Not all the assets had been disposed of as yet, however. The total amount realized from the assets sold, plus the estimated realizable value of the assets still to be disposed of, was Sh. \$1,396,387.14 against liabilities totalling Sh. \$7,822,012.93.

Evidence Objected To

At this stage, counsel for the defence objected to the introduction of this evidence, and all evidence on the statements, as irrelevant, since it related to facts ascertained since the closure of the Raven concerns on May 23, 1935. Judge Helmick over-ruled the objection and counsel for the defence noted an exception to all the ensuing testimony.

Dr. Sellett then continued his examination of the witness, asking him what amount of actual cash he expected to realize from the A.-O.F.C.'s assets in the final count.

Mr. Hough: Approximately Sh. 1

\$500,000. If I get that much I'll consider myself very fortunate.

Dr. Sellett: How much cash did the A.-O.F.C. have on hand with banks, excluding the American-Oriental Banking Corporation, on the date of the closure, May 23, 1935?

Mr. Hough: About Sh. \$10,000; but this sum, which was in several banks, was held by those banks against exchange contracts which they had with the A.-O.F.C.

Collections Made

In reply to further questions, Mr. Hough said that, as regards the A.-O.F.C., he had collected about Sh. \$160,000 and U.S. \$7,400 since liquidation started.

Dr. Sellett: What was the amount of valid claims against the A.-O.F.C. on May 24, 1935?

Mr. Hough: About Sh. \$3,239,641.78.

Dr. Sellett: So that if your previous figure of Sh. \$1,396,387.14, given as an estimate of the total realizable value of A.-O.F.C. assets, is correct, then you would have only that sum with which to discharge valid claims amounting to Sh. \$3,239,641.78?

Mr. Hough: That is correct.

Witness then went on to state that considerable sums were owing to the A.-O.F.C. by officers and employees of the Raven concerns, including the A.-O.F.C., when the crash came.

Non-Collectable Accounts

Dr. Sellett: Have you been able to collect anything on those accounts?

Mr. Hough: No, nothing.

Dr. Sellett: Mr. Raven was a debtor through a R. T. Co. account. Have you collected anything on that?

Mr. Hough: No.

Dr. Sellett: Or anything on the accounts of Mr. Hill, Mr. Price, Mr. Driscoll or Mr. Warner Brown?

Mr. Hough: No.

Prosecuting counsel then asked the witness whether the figure of valid claims which he had previously given included liabilities in respect of capital stock, namely, liabilities to shareholders. The answer was in the negative.

The A.-O.F.C., he continued, held shares in the American-Oriental Banking Corporation, the Raven Trust Company and the Asia Realty Company.

Shares Valueless

Dr. Sellett: In estimating the value of the A.-O.F.C.'s assets, did you accord any value to these shares?

Mr. Hough: No.

Witness added that general creditors of the A.-O.F.C. could expect a dividend of about 1 1/2 per cent. He hoped that the general creditors of the American-Oriental Banking Corporation would ultimately get about 20 per cent.

Regarding the position of the Asia Realty Company, witness said that there were unsecured creditors to the approximate amount of Sh. \$2,500,000. The company owned no free, unencumbered property excepting furniture and fixtures. All its real estate was mortgaged.

Franklin Cross-Examines

Mr. C. S. Franklin then cross-examined the witness regarding deposits which the A.-O.F.C. had with the A.-O.B.C. on May 24, 1935. There was one deposit of Sh. \$13,258.26, witness said, and this was worth 20 per cent. to the A.-O.F.C. as a general creditor of the bank.

Mr. Franklin: Did the A.-O.F.C. not also have on deposit with the bank U.S. \$80,000?

Mr. Hough: Not as far as I am aware.

Mr. Franklin: What was the amount of Asia Realty shares and

debentures which the A.-O.F.C. held at the time of the closure?

Mr. Hough: Sh. \$174,940.71.

No Real Value Before

Dr. Sellett (re-examining): On the basis of the knowledge which you have gained since you took over as Liquidator, do you consider that the shares of the A.-O.F.C., A.-O.B.C., Raven Trust Company and Asia Realty Company had any real value even before the closure?

Mr. Hough: No, I do not think they were worth anything.

This concluded Mr. Hough's evidence and counsel for the defence moved to strike all of it from the record as irrelevant. Judge Helmick overruled the motion and an exception was noted.

Prior to the hearing of the testimony of Miss Hibbard and Mr. Hough, two of the prosecution's previous witnesses, Mr. Hermann Aufwerber, former A.-O.F.C. salesman, and Mr. Alfred H. Driscoll, former A.-O.F.C. secretary, were recalled by the defence for further cross-examination. This was preceded by the cross-examination of Mr. C. J. Haley, prosecution witness of the previous day, which occupied all of the morning and part of the afternoon session.

Aufwerber Recalled

The defence questioning of Mr. Aufwerber related to the A.-O.F.C. practice with regard to getting customers to endorse signature cards.

Replying to Mr. Franklin, Mr. Aufwerber agreed that he had never got a signature card from Mr. Stanley G. Kirkland, one of the complaining witnesses in the case.

"From some clients," witness said, "it was difficult to get signature cards, especially Chinese clients."

Mr. Franklin: But you carried margin accounts for customers even if they had not completed signature cards?

Mr. Aufwerber: Yes.

The defence then recalled Mr. Driscoll and submitted him, through Mr. Evans, to a lengthy cross-examination. Witness said he was aware that in May, 1935 considerable short sales had been debited on the A.-O.F.C. ledger to the account known as R. T. Co. 101-I. 1, which was Mr. Raven's account.

Mr. Evans: How did the short sales in that account come about?

Mr. Driscoll: The first time I knew about it was when I received the confirmation slips of the short sales from the A.-O.F.C.

Mr. Evans: But were you not, in May, 1935, the person who would give instructions for such sales?

Dr. Sellett objected to the question since it related to a matter which had arisen in the trial through another witness, after Mr. Driscoll had given his evidence-in-chief.

Judge Helmick: I don't see that any harm would be done if the witness answered the question.

Short Sales Instructions

Mr. Driscoll then answered the question by saying that instruction for the short sales would have had to be given either by Mr. Raven or himself.

Mr. Evans: Well, when you re-

ceived the confirmation slips from the A.-O.F.C., what did you do?

Mr. Driscoll: I asked Mr. Raven about the sales but he said he hadn't given any instructions.

Mr. Evans: And what did you do then?

Mr. Driscoll: I approached Mr. Warner Brown and he simply said that he would take care of the matter.

Mr. Evans then asked the witness whether he recalled a tiffin conversation with Mr. Raven in the Spring of 1934. Mr. Driscoll said he did not recall it, whereupon Mr. Evans said he might refresh the witness's memory by stating that Mr. Raven had remarked at the time that it was the worst tiffin he had ever had.

Judge Helmick: This will have to stop. You cannot ask a question that way.

Those Cypher Accounts

Revealing testimony was then given by Mr. Driscoll as to the motive which prompted the A.-O.F.C. management to inaugurate the practice of cypher accounts for customers. This followed from a query by Mr. Evans to the witness as to whether the latter remembered when the practice was started.

Mr. Driscoll: It was started before I came to China. Mr. Price explained to me that it was inaugurated because the A.-O.F.C. expected to have a large number of Chinese clients, who disliked the prospect of other people knowing about their affairs.

Re-examined by Dr. Sellett, witness said he had spoken to Mr. Raven about the short sales in his account probably 10 days after they were made. Mr. Raven said he had not authorized the sales but did nothing about it.

Who Used Cyphers

Coming then to the question of the motive for the cypher accounts, Dr. Sellett asked the witness if it was not a fact that no substantial use was made of them other than by persons who were officers or employees of the Raven enterprise. Mr. Driscoll replied that that was so. Other than such officers and employees he knew of only one account carried under a cypher number. This was the account of a Mr. C. P. Yen, another was run by a Chinese employee named Kuo. There were about 20 of these cypher accounts all told, witness added in reply to Mr. Evans.

Mr. Evans' final question to Mr. Driscoll was as to whether Mr. Raven had taken part in negotiations for the merger of the Raven interests with the interests of Mr. C. V. Starr. Witness said that Mr. Raven was a participant.

Morning Proceedings

When the morning session of the trial opened at 10 o'clock, Mr. C. S. Franklin launched into a lengthy cross-examination of C. J. Haley, former employee of the A.-O.F.C. and now a resident of San Francisco, who testified for the Government on Monday.

Counsel for the defence elicited the information that when Mr. Raven engaged Mr. Haley in San Francisco in 1933 it was because the A.-O.F.C. desired someone with "homeside brokerage experience." Witness then said that the report which he had submitted to Mr.

Raven, dealing, among other things, with the "dangerous practice" of pledging customers' fully-paid shares with E. A. Pierce and Company, had been based on his own brokerage experience. He had never discussed the report with Mr. Raven, however, and did not believe that he had ever discussed it with Mr. Brown, to whom he had handed a copy in Hongkong.

Mr. Franklin then turned to Mr. Haley's contract with the A.-O.F.C. of June 1, 1934 and his discharge a few days later because, as he confessed in Court on Monday, he got "tight."

"Before signing this contract, did you discuss the recommendations in your report with anyone?" counsel queried.

Mr. Haley: I don't recall. I may have discussed them with Rosse and Brown.

Not Carried Out

Mr. Franklin: You knew your recommendations had not been carried out?

Mr. Haley: Definitely.

Mr. Franklin: You considered the A.-O.F.C. procedure highly irregular?

Mr. Haley: Highly irregular.

Mr. Franklin: Yet you were willing to sign a long contract with the firm?

Mr. Haley: I thought Mr. Raven and Mr. Brown would take steps to remedy the situation.

Mr. Franklin: Before Mr. Brown left Shanghai in the summer of 1934, did you not write him a letter promising to stay on the "water wagon?"

Mr. Haley: I did. I understood at the time that I was to be given more latitude in the office.

Mr. Franklin: I believe there was some criticism that you had not ridden as high on the "water wagon" as you might have done?

Mr. Haley: I believe so.

Letter To Brown

Mr. Franklin then asked the witness if he had the letter he had written to Mr. Brown, but witness said he had not noticed it when going through the A.-O.F.C. files for the prosecution.

Mr. Franklin: You told Mr. Brown, did you not, that you would run the office to the best of your ability?

Mr. Haley: I am sure I did not say that, because he wouldn't even let me sign letters. Getting business cards printed was all he would let me do.

Mr. Franklin: Did you do anything to get the conditions which you criticized remedied?

Mr. Haley: I had no authority.

Mr. Franklin: Did you take any further steps in the matter?

Mr. Haley: There was no time. Only three or four days later I was discharged.

Answering further questions, witness said he did not recall any occasions on which the A.-O.F.C. had not met promptly calls for margin received from E. A. Pierce and Company.

When discharged by the A.-O.F.C. he said he returned to the United States. That was in the latter part of June, 1934. He started to work for the Home Owners' Loan Association, which is a U.S. Government "new deal" organization, and is now its re-

gional accountant for nine western States.

How Many Shares

Under resumed cross-examination at the commencement of the afternoon session, Mr. Haley said that when the Raven concerns crashed there were sufficient shares in the A.-O.F.C.'s margin account with E. A. Pierce and Company to deliver the shares which belonged to Messrs. Jones, Kirkland, Howard and Yates, complaining witnesses in the case, but insufficient of the kind which Mr. Basset, another complaining witness, had bought. The deficiency in the Basset shares was due to short sales here.

Mr. Franklin then attempted to introduce as evidence a letter written by Mr. Weyler, former A.-O.F.C. official, on May 9, 1935, to E. A. Pierce and Company with reference to procedure in regard to short sales, which document the prosecution furnished at the request of the defence. Dr. Sellett objected to its introduction unless the defence would promise to call Mr. Weyler as a witness, thus enabling the prosecution to cross-examine him.

Alleged Bucketing Scheme
"This letter," Dr. Sellett declared, "is a proposal to E. A. Pierce and Company to co-operate with the A.-O.F.C. in a 'bucketing' scheme and nothing else."

Judge Helmick: The letter can hardly be put in through this witness, but it may be introduced at an appropriate point later.

Mr. Franklin then fired his next and final question at the witness. "Did Mr. Warner Brown usually agree to changes which you suggested in the office?"

Mr. Haley: Yes.

Re-examined by Dr. Sellett, Mr. Haley said that on May 23, 1935, on the supposition that all clients of the A.-O.F.C. who were "long" Electric Bond and Share stocks had asked for their shares, the A.-O.F.C. would have had to deliver 11,192 of these shares, whereas the A.-O.F.C. had with Pierce and Company only 10,692, leaving a shortage of 500 shares. The position was balanced, however, as regards Curtis-Wright, Douglas Aircraft, Socony-Vacuum, I. T. & T., Packard Motor Car, General Electric and Studebaker Corporation shares.

Academic Evidence

Judge Helmick: Isn't this all rather academic. These shares which balanced were not really there, available for clients, since they were in the margin account.

Dr. Sellett: Yes, I agree that the matter is somewhat academic.

Prosecuting counsel then elicited the information that there were not with Pierce and Company sufficient A. T. & T. shares to cover the deliveries which would ultimately have to be made to A.-O.F.C. clients who had purchased this stock.

A very pointed question was then put to the witness by Dr.

Sellett. "You told Mr. Franklin," he said, "that Mr. Brown was usually agreeable to changes which you suggested in the office?"

Mr. Haley: Yes, where it concerned matter of office routine.

Dr. Sellett: How about your suggestions in regard to the handling of customers' fully-paid shares?

Mr. Haley: I reported my suggestions to Mr. Brown, but nothing was ever done about them.

Clients' Securities Traced To Sales For Officers

Selling Orders For Raven, A.-O.F.C. Accounts On
Shares Held In Margin; Scant Security Is
Given, Mr. C. J. Haley Testifies

As the case of the U. S. Government against Frank J. Raven and J. Warner Brown went into its concluding stages yesterday afternoon, the prosecution drew from Mr. C. J. Haley, former office manager of the A.-O.F.C., co-related evidence concerning sales for the accounts of Mr. Raven and the A.-O.F.C., allegedly made at the expense of shares belonging to clients and reposing in the general margin account. On May 3, 1935—20 days before the A.-O.F.C. and affiliates closed their doors—selling orders initiated by Mr. Brown and amounting to U.S.\$104,280.85 were put through for Mr. Raven's 101-1-1 account. These orders, like others referred to during the afternoon, sold shares not held in Mr. Raven's own account and were not covered by purchases.

Court was adjourned in the morning when news of the death of His Majesty King George the Fifth was learnt.

Referring to voluminous documents concerning sales slips, selling orders and margin positions on various accounts, Mr. Haley responded to direct examination by Dr. George Sellett during the entire afternoon.

Security Record

Identifying Mr. Raven's accounts, Mr. Haley noted one deposit from 1930 to 1932, saying that this was later transferred to another account, Mr. Raven's 101-1-1 account. Into this ac-

count there was paid on October 3, 1933, U.S.\$5,341.74, and on August 24, 1934, \$18,368 in Raven Trust Company "A" shares. There was no other security.

In the R. T. Co. 101 A-5 account, another Raven account, U.S.\$409.96 was the only amount deposited.

As to the account of Mr. Brown, 168 shares of A.-O.F.C. common "B" were deposited on March 5, 1932, and on October 6, 1934, 3,600 shares of Shanghai Pahang Rubber were put in. Various other sums in cash were deposited in 1930 and 1931, and on March 8, 1934, U.S.\$20,000 was deposited but withdrawn by a single cheque within a few days. The Shanghai Pahang shares were later transferred to the account of Mrs. Brown.

Raven Trust Account

A trust agreement setting forth the operation of the Trust Company's account RTCo. 106-L-7 was inaugurated by the payment of U.S. \$5,000, witness said, but thereafter no deposits were made. As of April 23, 1935, this account showed a "short" position of \$19,000; on April 24, 1935, it was \$56,839.06 "short."

Witness testified that what actually happened was that shares were being sold for this account out of the margin account with E. A. Pierce and Company. Linking this fact up with evidence as to the shares deposited by customers, witness declared that fol-

lowing the sales on April 23, the A.-O.F.C. accounts, both margin and safekeeping, were 200 shares short in American Telephone and Telegraph. In other words, counting the 400 shares of Mr. Bassett, the A.-O.F.C. indebtedness to their customers in this stock was 587 shares, while there were but 387 shares on hand. When the A.-O.F.C. actually closed, they were 300 shares short of requirements.

No Covering Purchases

There were no purchases to offset these sales, witness continued, so that the sales which were set up as "short sales" were not so in any brokerage sense of the word. Had these sales been made on a "short" basis, the A.-O.F.C. would have to provide what the witness thought was the usual 25 per cent. margin. The effect of these sales, however, was the same as if the client had come in and said "sell my shares."

An exhaustive research into the records followed as Dr. Sellett brought out from witness a history of the margin positions, with certain gaps which the records did not show, and tried to show how deposits of clients' shares had reflected on the strength of the account of the A.-O.F.C. with Messrs. Pierce.

The trial will resume this morning for an all-day session, when it is believed the prosecution may close its case.

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13112

C. J. Haley Throws Fresh Light On Raven Methods With Fully-Paid Shares

Former A.-O.F.C. Official Testifies In U.S. Court To Warning Report Written By Him In 1934; More Evidence Given By Mr. G. M. Rosse

CASE FOR PROSECUTION EXPECTED TO END EITHER TO-DAY OR TO-MORROW

"There is a dangerous condition existing here. We have approximately U.S. \$150,000 worth of stocks fully paid up by our customers and they should be held in safekeeping by us for them. Such is not the case, however, as we have only approximately U.S. \$50,000 in safekeeping, the balance at present being hypothecated to Pierce and Company, who in turn, no doubt, have the securities out against a bank loan." These are the opening words of a section of a report made early in 1934 to Mr. Frank J. Raven by Mr. C. J. Haley, former employee of the American-Oriental Finance Corporation, and read out in the United States Court for China yesterday afternoon at the continuance of the trial of Mr. Frank J. Raven and Mr. J. Warner Brown on 16 counts of theft, embezzlement and fraud arising from the crash of the Raven enterprises last May.

This section of the report, which was identified by the witness together with his signature thereon, dealt with the methods of the A.-O.F.C. in dealing with customers' fully-paid securities and continued as follows:—"This stock is not ours but is held in trust by us for our clients. We should pay Pierce and Company for it as promptly as possible and have Pierce and Company put it in their safekeeping vault for our account. If anything should happen which would compel Pierce and Company to liquidate any of our holdings to protect their interests, it is just possible that some of these fully-paid securities would be disposed of. If such an event were to occur, we would be compelled to go into the open market and re-establish our clients' position at a possible loss to ourselves. Then, again, we are wide open to legal procedure if such a condition should come about."

Prosecution Case Ending
Mr. Haley, as a witness for the prosecution who was specially brought here to testify at the trial, took the witness stand in the afternoon at what was the 22nd session of the trial proceedings and had not finished his evidence when the court rose at 4.45 p.m. The prosecution, it is understood, still have three more witnesses to call, but expect to finish their cases either to-day or to-morrow. The succeeding innings belongs to defence, which is believed to have prepared for the calling of 12 witnesses, including Mr. Raven and Mr. Brown, who have both intimated their intention of going on the witness-stand.

Replying to the questions put by Dr. George Sellett, Assistant U.S. District Attorney, who is conducting the prosecution, Mr. Haley told the Court that he was an American citizen, 39 years of age. His home was in San Francisco.

Witness described his career at length, saying that he had gone to Japan in the latter part of 1921. He returned to the United States in 1925 and worked for the firm of Logan and Bryan as from January of 1927. This firm, he said, was the largest wire brokerage house in the United States and he continued in its employ until it closed down in 1933.

Visit To San Francisco

Mr. Haley then told the Court that Mr. Raven visited San Francisco in 1933, in July or August. As witness's employment with Logan and Bryan was expiring, he applied to Mr. Raven for employment. After some negotiation, Mr. Raven hired him and he came to Shanghai in November, 1933 and commenced working for the American-Oriental Finance Corporation on a six-months' trial contract. He did not see Mr. Raven at the time of his arrival, as Mr. Raven was ill and laid up at his home. He met him later, however.

Describing his duties in the office of the A.-O.F.C., witness said he was engaged in general office routine work under Mr. J. Warner Brown, who was the manager. This work took him into many departments. He dealt with the book-keeping, with margins, with open orders and with cables.

Dr. Sellett: Did you have contact with the A.-O.F.C.'s customers?

Witness: Very little.

Dr. Sellett: Did you have close contact with Mr. Brown?

Witness said that he did and that he had frequently discussed financial matters with Mr. Brown. He then went on to describe the circumstances in which he came to make the report on A.-O.F.C. workings which he had submitted to Mr. Raven.

Report To Mr. Raven

He had first asked Mr. Raven whether he could submit such a report, making the suggestion in Mr. Raven's office either late in January or early in February, 1934, less than two months after his arrival in Shanghai. The report was to cover conditions as he had found them since his arrival. Mr. Raven assented and the report was compiled and handed to Mr. Raven, in the latter's office, probably in the early part of February, 1934. As far as he could recollect no one but Mr. Raven and himself was present at the time.

Dr. Sellett then handed the witness a seven-page typewritten document and read out a section dealing with the handling of fully-paid securities by the A.-O.F.C. Mr. Haley identified the document as the report which he had handed to Mr. Raven and the signature thereon as his own. This was marked for identification as Government Exhibit 307.

No Discussion Followed

Dr. Sellett: Did you ever have any conversation with Mr. Raven in regard to the subject matter of the report after you had submitted it?

Witness: No.

Dr. Sellett then showed Mr. Haley what purported to be a copy of the report he had given to Mr. Raven, marked Government Exhibit 308.

"Did you give a copy of the report to Mr. Warner Brown?" he queried the witness.

Witness: Yes, I did. I handed him a copy in March, 1934 in Hongkong when I was on my way to Manila to open a branch of the A.-O.F.C.

Dr. Sellett: Was this the copy you handed to Mr. Brown?

Witness: Yes, that is it.

Continuing, the witness said Mr. Brown told him he would study the report on the ship while returning from Hongkong to Shanghai. Witness returned to Shanghai from Manila in the latter part of April, 1934.

Archaic System

In describing the office system of the A.-O.F.C. when he first assumed duty, Mr. Haley went on to say that he had found it very "archaic" as regards the keeping of records of margin and fully paid stocks. He proceeded to introduce separate card systems for each type of stock so that the position in regard to each could be readily and clearly ascertained at any time.

Replying to further questions by Dr. Sellett, witness said that Mr. Raven and Mr. Brown left Shanghai for the United States in June, 1934. Before their departure, witness was given a four-year contract and a rise in salary. Previously he had been getting \$600 local currency, per month.

But four days after Messrs. Raven and Brown sailed, witness was dismissed.

Dr. Sellett: Who dismissed you?

Witness: I suppose it was Sandor and Kleffel.

Reason For Dismissal

Dr. Sellett: And why did they dismiss you?

Witness: I got a little "tight."

Dr. Sellett: You mean you were somewhat intoxicated—and you came to the office in that condition?

Witness: Yes.

Replying to further questions, Mr. Haley said that he had always had the most cordial relations both with Mr. Raven and Mr. Brown. They had never complained about the quality of his work.

Since his arrival here on November 17, 1934 as a Government witness, Mr. Haley said he had been working in the office of the Liquidator of the Raven concerns. He had attended the office almost daily since that date and had done a great amount of work, going through files and records at Dr. Sellett's request.

Those Cipher Accounts

Dr. Sellett asked the witness whether, in the course of his employment with the A.-O.F.C. he had noticed various cipher accounts in the general ledger of the A.-O.F.C. Witness replied that he had seen them, but that he did not know who the beneficiaries were.

Handwritten initials or signature.

Dr. Sellett: Did you know that of these accounts was Mr. Raven's?

Witness: No, Mr. Raven had an old account which was in his own name.

Dr. Sellett: Who kept the cards of the "R. T. Co." margin accounts?

Witness: Mr. Brown.

Mr. Haley was then shown a composite statement of the trading accounts which Mr. Raven and Mr. Brown had with the A.-O.F.C. for their dealings in New York securities and the witness identified it as a statement which he had prepared from the office records of the A.-O.F.C., now in the office of the Liquidator.

Month-End Balances

This statement showed the debit balance at the end of each month in the A.-O.F.C.'s margin, or general, account with E. A. Pierce and Company, San Francisco, alongside corresponding month-end debit balances in the margin accounts which Mr. Raven and Mr. Brown had with the A.-O.F.C.

Mr. Richard T. Evans, counsel for Mr. F. J. Raven, objected to the introduction of this statement as incompetent, but withdrew the objection on the understanding that defence counsel be given access to the sources from which it had been prepared and provided the statement tallied with those sources.

In a brief argument on this objection, Dr. Sellett declared that the information contained in the statement was highly material, since the data brought together in it would disclose clearly the motive of the defendants in dealing with the fully-paid securities of A.-O.F.C.'s customers in the manner in which the prosecution charged that they had done.

It is the contention of the prosecution, in this connection, that these fully-paid securities belonging to customers of the A.-O.F.C. were hypothecated to E. A. Pierce and Company to finance the stock market deals which Messrs. Raven and Brown were conducting.

Huge Debit Balances

Testifying as regards certain entries appearing on the statement which he had prepared, Mr. Haley said there were several occasions in September, 1932 when the account 101-L. 1 in the A.-O.F.C.'s general ledger (which was one of Mr. Raven's accounts) had debit balances exceeding U.S. \$200,000.

Mr. Evans again objected, this time contending that the witness's evidence was immaterial.

Dr. Sellett: This is highly material as showing the motive which the defendants had for handling customers' fully-paid securities as alleged. The debit balance of these defendants with the A.-O.F.C., as I propose to prove, amounted to 45 per cent. of the A.-O.F.C.'s debit with Pierce and Company.

In identifying further entries on the statement, Mr. Haley told the Court that on February 1, 1934 Mr. Warner Brown's trading account with the A.-O.F.C. had a debit balance of U.S. \$70,000. On January 29, 1934 the balance was U. S. \$74,000.

Mr. Curtis Recalled

Mr. Haley had not concluded his testimony when the Court rose at 4.45 p.m. He was preceded by Mr. C. C. Curtis of E. A. Pierce and Company, who had already occupied the witness stand at several earlier sessions.

Mr. Curtis, replying to Dr. Sellett, said that the debit balance of the A.-O.F.C. with Pierce and Company on May 23, 1935, the date when the Raven enterprises crashed, amounted to U.S. \$865,516.67. Against this indebtedness, Pierce and Company held securities to a total value of U.S. \$895,000 (his earlier estimate of U.S. \$1,100,000 was incorrect) plus two letters of credit totalling U. S. \$230,000.

Dr. Sellett: Among the U. S. \$895,000 worth of securities were there included securities having a value of U. S. \$3 or less, upon which Pierce and Company placed no loan value?

Witness: That is so.

Describing the liquidation of the A.-O.F.C. securities by Pierce and Company after the Raven crash, Mr. Curtis said that sales effected on May 27, 1935 reduced the A.-O.F.C. balance to U. S. \$21,191.97. Sales effected on May 28, 29 and 30 further reduced the balance to U. S. \$20,742.15 and the value of securities then left was about U. S. \$50,000.

Could Not Withdraw

Dr. Sellett: Supposing that on May 23 the A.-O.F.C. had wanted to withdraw securities from Pierce and Company to the amount of the letters of credit which the latter held, namely, U. S. \$230,000—could they have done it?

Witness: No.

Dr. Sellett: Supposing these letters of credit had been converted into cash and credited to the A.-O.F.C.'s margin account—would that have changed the situation?

Witness: No.

A Stipulation Made

A stipulation was then made by counsel, both for the defence and the prosecution, to the effect that two telegraphic transfers, one for U.S. \$28,000 and the other for U. S. \$10,000, made by Mr. Lucien Claude Basset, one of the complainants named in the indictment, were deposited in the A.-O.F.C.'s general or margin account with E. A. Pierce and Company. Similar stipulations were agreed to in the case of the fully-paid shares handled by the A.-O.F.C. for Mr. Stanley G. Kirkland and Mr. M. S. Chen. The latter testified at the conclusion of last Friday's session that on March 9, 1934 he had delivered to the A.-O.F.C. 40 American Telephone and Telegraph shares and 40 C.P.R. shares, accompanied by a letter in which he specifically requested that the shares be placed in a safekeeping account, which request was acknowledged with a statement to the effect that Mr. Chen's wishes would be carried out. But after the Raven crash, Mr. Chen learned that his shares had been sold without his instructions.

Franklin Cross-Examines

Cross-examined by Mr. C. S. Franklin, counsel for Mr. J. Warner Brown, Mr. Curtis admitted that had the A.-O.F.C. securities held by Pierce and Company been liquidated on May 23, 1935, and that had the letters of credit for U. S. \$230,000 been drawn on, the A.-O.F.C.'s account with Pierce and Company would have shown a surplus of U. S. \$260,000.

Mr. Rosse's Evidence

Yesterday morning's session was taken up with the continued examination by Dr. Sellett of Mr. G. M. Rosse, former A.-O.F.C. treasurer, followed by his cross-examination by Messrs. Franklin and Evans. Mr. Rosse first took the stand last Friday afternoon.

He told the Court that in the summer of 1934, during the absence in America of Messrs. Raven and Brown, the A.-O.F.C. office was managed by Mr. Hugo Sandor and himself until a Mr. Weyler was introduced and placed in charge of all financial matters. Mr. Rosse said he was under Mr. Sandor.

An Empty Title

Reiterating his testimony of Friday, witness said that his title as treasurer was an empty one and that he only did a very small part of the treasurer's work. He did not attend more than four or five directors' meetings, two or three of these being while Messrs. Raven and Brown were away. He left the A.-O.F.C. at the end of 1934 to take up a position with Swan, Culbertson and Fritz.

Answering Dr. Sellett's final questions in direct examination, Mr. Rosse said that when he left the A.-O.F.C. his account showed a debit balance of about U.S. \$19,000. Later he changed his shares in the account to bonds. After the A.-O.F.C. closed down, his account was sold out and left a debit balance of about U.S. \$1,700.

Cross-examined by Mr. C. S. Franklin on how the A.-O.F.C. handled its customers' fully-paid shares, witness said he first learned in October, 1933, when Mr. Warner Brown was in Japan, that such shares were not kept in safekeeping.

Safekeeping Inconvenient

Witness went on to say that he discussed this matter with Mr. Brown when the latter returned from Japan. Mr. Brown pointed out the inconvenience of placing these shares in safekeeping, the high cost of cables, interest saved, and the fact that New York Stock Exchange rules did not apply to the A.-O.F.C.

Mr. Franklin: Did Mr. Brown's explanations satisfy you?

Witness: They seemed satisfactory at the time.

Mr. Rosse said that he had always been on friendly terms with Mr. Brown but his relations with Mr. Raven were very formal.

Mr. Franklin then questioned Mr. Rosse about Mr. Price, a former secretary of the A.-O.F.C. and a lawyer by profession. "Did Mr. Price attend meetings of the Board of Directors?" counsel queried.

Witness: I can't say, since I didn't attend.

Mr. Franklin: You were on the outside, looking in?

Not Looking In

Witness: I was very much on the outside, but I was not looking in. (Laughter).

Mr. Franklin: Your services with the A.-O.F.C. were terminated the day after the end of the Christmas holidays?

Witness: Yes.

Mr. Franklin: Was not the reason because you failed to keep up monthly payments on your account?

Witness: No.

Mr. Franklin: What was the reason?

Witness: Mr. Raven gave me no reason.

Continually Undermargined

Questioned about the Raven Trust Company cipher accounts with the A.-O.F.C., Mr. Rosse said they were continually undermargined and that he had often taken up the matter with Mr. Driscoll, an official of the A.-O.F.C. originally indicted with Messrs. Raven and Brown, who turned State's evidence last week.

Regarding Mr. Weyler, witness said he disagreed with him on nearly every subject there was to disagree on. Mr. Weyler, he explained, did not want to utilize the proceeds of the sale of A.-O.F.C. shares to pay off the debit balance with Pierce and Company and thus make possible the release, for transfer to safekeeping, of fully-paid shares belonging to A.-O.F.C. customers, the reason being that Pierce and Company charged only three or three and a half per cent. on the debit balance, whereas the money required to pay up the debit could earn seven or eight per cent. in Shanghai.

In reply to Mr. Evans, witness

own with the A.-O.F.C.—a local investment account and a New York trading account.

Share-Selling Campaign

Dr. Sellett then re-examined the witness, who proceeded to tell the Court of a campaign by the A.-O.F.C. to offload blocks of stock of the A.-O.B.C. They sold, he said, some 13,000 or 14,000 shares at \$20. Some of these were sold in Manila, some in Hongkong, but most of them in Shanghai.

When the campaign had succeeded, witness continued, he suggested using the proceeds to increase the A.-O.F.C.'s margin with Pierce and Company and thus secure the release of fully-paid shares for transfer to safekeeping. But Mr. Weyler took the view that the money could be more profitably employed in Shanghai, as he had described in replying to Mr. Franklin's questioning.

An Explanation

In connection with the report of the above case which appeared in our issue of Friday morning last, an unfortunate error in reporting was committed.

Mr. George Fitch had no account with the A.-O.F.C. at the time of the closure, nor had he had for some years, while Mr. Chester Tobin's was an investment trust and not a marginal account. The exhibits put in, referring to the accounts of many clients for both investment trust funds and marginal accounts, were only tendered to the Court as evidence of a certain procedure and not in relation to those accounts in themselves.

Former Officers Relate How Balance Sheets Of A.-O.F.C. Were Drawn Up

Exchange Seat Investment, U.S. \$150,000 Juggled
Between Finance And Trust Companies To
Satisfy Auditor, Driscoll Says

RAVEN HONORARIUM PAID BACK THROUGH BANK LOAN GUARANTEED BY A.-O.F.C.

Direct evidence concerning the trading accounts in the American-Oriental Finance Corporation of Mr. Frank Jay Raven and Mr. J. Warner Brown, now accused by the U.S. Government of theft and embezzlement in connection with shares of other people allegedly hypothecated to finance their own ends, was given in the U.S. Court yesterday by Mr. A. H. Driscoll and Mr. G. M. Rosse, both former officers of the A.-O.F.C. The case against Mr. Driscoll has been *nolle prossed* and he has turned State's evidence. Mr. Rosse's connection with the firm was severed shortly after Christmas, 1934.

Attempting to show how various actions of the company were not acceptable to the auditors, Dr. George Sellett, in questioning Mr. Driscoll, asked for instances discussed.

"Early in 1935," said Mr. Driscoll, "in a discussion about the balance sheet for 1934, the question came up as to how the sum of U.S.\$150,000, used to finance the Hodge-Price seat on the Stock Exchange, would appear on the books. The auditor wanted it to appear as a loan to the Raven Trust Company.

"Mr. Sturrock (the auditor) knew the transaction was not a loan but an investment. The Trust Company paid the Finance Company U.S.\$150,000, so it did not appear on the books. The Finance Company then paid it back to the Trust Company after two or three weeks and the balance sheet had been certified by the auditors.

Referring to the U.S. \$135,000 honorarium paid by the Finance Company to Mr. Raven in 1932 for his services in past years, witness said that the auditors raised an objection to this, requiring that it either be shown on the books and balance sheet or that it be approved by the stockholders. Neither of these courses were taken, however, the sum being returned by Mr. Raven and noted in the minutes.

How Raven Repaid

Payment to Mr. Raven was actually made in January, 1932, and Mr. Raven repaid it by a loan from the Bank, the loan being guaranteed by the Finance Company, witness alleged.

A highlight of the session was the evidence pertaining to Mr. Raven's account, handled as a cypher entry by the Finance Company from the Trust Company. Witness knew, and he was sure Mr. Brown knew, that R.T.Co-101-I-1 was Mr. Raven's account. He did not think it was under Mrs. Raven's name, but in any event, Mr. Raven was the man authorized to deal with it. When Mr. Raven was out of town, witness sometimes dealt with it, buying and selling after conference with either Mr. Sandor, Mr. Kleffel or Mr. Brown. When Mr. Raven was away in 1933, he gave explicit instructions that it was not to be touched. When he went away in 1934, there was some little dealing with it.

The condition of this account when the Raven group crashed in May, 1935, showed a few shares on hand, but there had been a substantial number "sold short." When

closed, it showed a debit balance of something over U.S.\$100,000.

Shares Manipulated

Dr. Sellett drew from witness an admission that efforts had been made to control the value of shares, allegedly so that the books would not reflect a loss of assets. For instance, near the end of 1933, the "Common A" shares of the Finance Company were bid up so that the value reached \$29 at the end of the year.

Witness said he believed this was done to enhance the value of shares which were owned by the Trust Company in an amount of some 100,000. If the price of the shares could be raised by \$5, the books of the Trust Company would show a gain of \$500,000.

Cross-examining on behalf of both accused, Mr. Richard T. Evans queried witness as to Mr. Brown's account, its condition when the Raven group crashed. Witness said he thought it showed a credit balance of some U.S.\$2,000. He said he knew that Mr. Brown had paid sums into the account monthly over a period of some time. With regard to the honorarium paid to Mr. Raven, witness said that he knew legal advice had been obtained both from the firm of Messrs. Fleming and Franklin and from Mr. James F. Price, then employed by Raven. The opinions had clashed and the view of Mr. Price had been taken.

Re-examined by Dr. Sellett, witness said the last he had heard of Mr. Brown's account was that it had been transferred to his wife's name. Some controversy had arisen over this account when Mr. Brown was away in the summer of 1934. There was then a debit balance of U.S.\$55,000. A cable was sent to him asking him to do something about it. When he returned, the account was transferred to his wife's name. Witness said this matter was not discussed at any of the meetings.

Had "Empty" Title

George Morton Rosse said he joined the Raven-owned Associated Advertisers in 1931 and later was employed by the A.-O.F.C. He was paid \$2,000 per month for what was substantially sales work, although his first eight months with the A.-O.F.C. were spent in learning the business. In February, 1933, he was told he had been appointed treasurer.

In 1934, speaking to Mr. Raven, he complained of the "emptiness" of the title and said he did not want to continue in that capacity. Meeting for tiffin with Mr. Raven in his office, he also complained about the organization and financial set-up and referred to a long memorandum he had submitted on

this matter. Mr. Raven then said he had in mind a financial man who would take such matters in charge, and witness, after this time, did not act as treasurer.

Witness said that certain paid-up accounts had been brought to his notice several times, and this matter he also discussed with officers of the company. The fact that paid-up accounts were being kept in the same place as the margin accounts was brought to his attention when he was checking with an accountant regarding the A.-O.F.C. margin position with Messrs. A. E. Pierce and Company.

In January and February, 1934, witness said he talked with Mr. Haley (the office manager and in charge of margin systems) the matter of the A.-O.F.C. financial set-up. Mr. Haley said that the paid up accounts should be segregated from the margin accounts. In a conversation with Mr. Brown, the latter had said that a safe-keeping account existed which clients could make use of.

His tiffin talk with Mr. Raven occurred shortly before both Mr. Brown and Mr. Raven went to America via Siberia. At that time, witness continued, an amalgamation between the Raven group and the companies controlled by Mr. C. V. Starr was being considered, so the matter of organization was deferred. Regarding the paid-up accounts, witness told Mr. Raven what Mr. Haley had said about the situation.

"Mr. Raven said he was aware of Mr. Haley's attitude," witness continued. "He said that both he and Mr. Brown were going to New York and would take up the matter there. Pending his return, he wanted the work carried on exactly as it had been."

Eyes Defendants

Speaking in a quick staccato manner, Mr. Rosse continually peered around Dr. Sellett whenever the questioning lagged, eyeing the defendants intently. Mr. Raven turned sidewise in his chair to look out of the doorway.

His last meeting with Mr. Raven, in early December, 1934, was an unpleasant one, witness said. He brought up his previous complaints, while Mr. Raven countered with displeasure regarding Mr. Rosse's failure to pay off some notes due on an agreement about salary. At this time, he reminded Mr. Raven that the Company was losing money on trading in New York. Mr. Raven replied that the companies were sound despite the depression here which had frozen capital. The matter of paid-up shares would be adjusted, he said.

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Mr. Rosse admitted that he had a trading account with the Company with a debit balance of about U.S. \$19,000. However, this actually meant that if he had been sold out, the account would have been short about U.S. \$2,000 or under.

Surprise Witness

Witness said he knew of the account R.T.C.-106-L-7. This was the "errata account" of the A.-O.F.C. This definitely existed before he had joined the Company and, through it, matters of legitimate errors were handled, although there were several other transactions. Witness did not say what these transactions were, however, for his testimony was cut off in favour of that of Mr. M. S. Chen, a surprise witness whose appearance brought forth legal objection from the defence.

Basing his objections on the time element as expressed in the complaint, Mr. Evans said he was ready to present authority, but, in order to facilitate matters, would permit the taking of testimony pending a judicial ruling.

This course was adopted, but when Dr. Sellett sought to question and bring out evidence concerning papers purporting to explain dealings between witness and the A.-O.F.C., objection was again raised, the defence desiring to stipulate the documents without enlargement by witness.

"The defence has continually tried, by innuendo and cross-examination, to bring out the fact that shares were always put in safe-keeping when requested. I want to show that this was not so. I want to show that it was defendants' policy and design to take money belonging to clients and use it for their own purposes," Dr. Sellett declared.

Fateful Meetings

In the morning session, Mr. Driscoll enlarged upon his story of a meeting of leading Shanghai business men and bankers on the night before the bank and affiliated companies closed their doors—May 23, 1935. It was called for the purpose of giving the men present an opportunity to assist the Raven companies in getting out of their difficulties, witness said. Mr. C. V. Starr, a director in the Asia Realty Company but not an officer in any of the companies, did most of the talking, explaining the situation. Mr. Raven did not say much.

The meeting was attended by the Messrs. Mackay, Raven, H. Sandor, a director of the A.-O.F.C., Mr. H. W. Weyler, of the A.-O.F.C., J. Kleffel, manager of the American-Oriental Banking Corporation, A. E. Schumacher, manager of the Shanghai branch of the Chase Bank, C. V. Starr of the Asia Life Insurance Company and other organizations, J. E. Swan, partner of Swan, Culbertson and Fritz, M. Speelman of the International

Savings Society, and Driscoll, who was an official of the A.-O.F.C., A.-O.B.C. and Raven Trust Company. The meeting lasted from 9 p.m. to 1 a.m.

"After much discussion," Mr. Driscoll said, "the people present felt they were not prepared to do anything to assist the companies. Then there was discussions with the idea of assisting the companies in closing the following day. The boards of directors of the various companies were to meet the following morning. It was felt that none of the companies could remain open with the possible exception of the Asia Realty Company.

Might Start A Run

"It was felt that if any company closed, there would start a run on the bank and also on the A.-O.F.C."

The Last "Hope"

He then told of a meeting after 7 a.m. in 29 Nanking Road on May 24, when a resolution was passed authorizing the closing of the institution and application to the Court for a liquidator. It concluded by saying "it is hoped that such procedure will enable the creditors of the Finance Corporation eventually to be paid in full."

Adjourned until 10 a.m. on Monday, the hearing will probably begin with further evidence from Mr. Rosse and cross-examination. It was learnt that the prosecution will possibly conclude its case before the Chinese New Year holidays, following which the defence will open, with both Mr. Raven and Mr. Brown taking the stand in their own behalf.

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Trial Testimony Shows That Raven Companies Had A Single Control

Mr. Driscoll Turns State's Evidence And Reveals Inner Workings Of Concerns; Tells Of Struggle To Get Shares Placed In Safekeeping

LOCAL STOCK OPERATORS SHOWN TO HAVE WORKED UNDER CIPHER ACCOUNTS

The most illuminating evidence yet disclosed regarding the organization of the now defunct Raven enterprises and the methods by which they were operated was given before Judge Milton J. Helmick in the United States Court for China yesterday by Mr. Alfred Hamilton Driscoll, former secretary of three of these enterprises, at the resumed trial of Mr. Frank J. Raven and Mr. J. Warner Brown, in their capacities as President and Vice-President, respectively, of the American-Oriental Finance Corporation, on 16 counts of theft, embezzlement and fraud.

Mr. Driscoll, who was charged as a third defendant in the original indictment, turned State's evidence after the Court, on the application of Mr. Feithan Watson, *nolle prossed* the original indictment and thereby quashed the case which had been brought against Mr. Driscoll.

In the course of the testimony given by Mr. Driscoll, which consumed the greater part of the day's session and had not yet been concluded when the Court adjourned at 4.30 p.m., it was shown that six of the Raven enterprises, namely, the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, the Raven Trust Company, the International Land Company, the Asia Realty Company and Associated Advertisers, were in reality operated as one, notwithstanding the fact that each had its separate board of directors.

An Executive Council

This singleness of control, the witness revealed, was effected through the medium of a so-called Executive Council in which Mr. Frank J. Raven was the dominating figure. This Executive Council was constituted as the result of a resolution adopted by the board of directors of the American-Oriental Finance Corporation held on January 7, 1932 and consisted of representatives of the several companies. Mr. Driscoll was the secretary of this Executive Council from the summer of 1932 until May, 1935, when the Raven pyramid crashed.

Another interesting fact which the witness testified to under examination by Dr. George Sellett, Assistant District Attorney, was the practice of the A.-O.F.C. to open margin accounts for the personal friends of Mr. Raven who had dealings with the Raven Trust Company and to accord them special undermargining privileges.

Identities Hidden

These accounts were carried in the A.-O.F.C. ledger, not under the names of their real operators, but under cipher numbers, which ensured that the names of the operators would not be known publicly. Such accounts were headed in the ledger "R. T. Co. Account 110-L.2," "R. T. Co. Account 117-C.1," and so forth.

Several of these account sheets were handed into Court by Dr. Sellett and identified by the witness, among them being the accounts of Mr. George A. Fitch, General Secretary, and Mr. Chester M. Tobin, former Athletic Director of the Foreign Y.M.C.A. Both the account of Mr. Fitch and that of Mr. Tobin were undermargining when the A.-O.F.C. closed its doors on May 23, 1935, the witness testified. Mr. Fitch's account was undermargining to the extent of U.S. \$119.

Other accounts identified by Mr. Driscoll were those of Dr. Dunlap and Mr. James F. Price, a former secretary of the A.-O.F.C. The account of the latter, witness said, represented a loss of U.S. \$20,000 to the A.-O.F.C. when the latter closed. Both these accounts were operated under cipher numbers and neither was secured.

Driscoll's Own Account

Dr. Sellett: Did you also have a margin account with the A.-O.F.C.?

Mr. Driscoll: I did.

Dr. Sellett: Was it secured?

Mr. Driscoll: No.

Dr. Sellett: When the A.-O.F.C. closed down, was a loss sustained in consequence?

Mr. Driscoll: Yes, there was a loss.

Answering further questions by Dr. Sellett, the witness went on to say that Mr. Frank J. Raven had two accounts with the A.-O.F.C. through which he conducted his stock market speculations. The first of these was "R. T. Co. 101-L.1." This account was only secured by A.-O.F.C. "A" shares, owned by Mr. Raven, and which the latter deposited with the A.-O.F.C. as collateral. When the A.-O.F.C. crashed with the other Raven concerns, this collateral was worthless.

Worthless Collateral

The second account which Mr. Raven had with the A.-O.F.C. was known as R. T. Co. 101-A. 5. This was secured by Mr. Raven's Raven Trust Company Common "A" shares, which also were of no value when the Raven enterprises closed down.

Dr. Sellett: I take it that there were substantial losses on both of these accounts?

Mr. Driscoll: There were. Further examination of the witness dealt with the methods of the A.-O.F.C. in regard to the transfer of customers shares from the A.-O.F.C.'s margin account with E. A. Pierce and Company, San Francisco, to its safekeeping account with that company.

The first transaction mentioned was one which concerned stocks to the value of U.S. \$60,000 owned by a Mr. Morris Benjamin, which had been lodged by the A.-O.F.C. in its margin account with E. A. Pierce and Company in the year 1933.

Dr. Sellett: What was your attitude in regard to that matter?

Driscoll Objects

Mr. Driscoll: I objected to having Mr. Benjamin's fully paid shares in the margin account with Pierce and Company and spoke about it to Mr. Warner Brown, manager of the A.-O.F.C. pointing out that they should be held in safekeeping.

Dr. Sellett: And what did Mr. Brown say?

Mr. Driscoll: He said it was inconvenient to have them transferred to safekeeping. I spoke to him about it many times over a period of about three months but got no result.

Dr. Sellett: What did you do then?

Mr. Driscoll: On September 4, 1933 I wrote a letter to Mr. Brown, again asking that the shares be transferred.

This letter was handed in by Dr. Sellett and identified by the witness. It urged that the transfer be made "as the shares are and have been fully paid for since they were first placed in your hands."

Transfer Is Made

Dr. Sellett: Was the transfer ultimately made?

Mr. Driscoll: Yes, but it was made little by little.

Prosecuting counsel then introduced a minute of the Executive Council meeting held on September 12, 1933 at which it was decided "to set aside Mr. Benjamin's shares little by little so that all may be set aside by the time Mr. Benjamin returns to Shanghai."

Witness was then asked whether he had written the minute in his capacity as secretary of the Executive Council. He replied that he had dictated it to a stenographer.

Dr. Sellett: Now, Mr. Driscoll, when it was decided to transfer Mr. Benjamin's shares to safekeeping, why was a cable giving instructions to that effect not sent to Pierce and Company?

Mr. Driscoll: Because Mr. Brown said it would be easier to effect the transfer in the manner indicated in the decision of the Executive Council.

Dr. Sellett: What reasons did Mr. Brown give?

Dr. Driscoll: I cannot remember now.

Debt Of U.S. \$50,000

In reply to further questions, witness disclosed that previous to the decision of the Executive Council to which reference had been made, the Raven Trust Company, through which the A.-O.F.C. had got control of the Benjamin shares, was indebted to the A.-O.F.C. in the sum of U.S. \$50,000, on which eight per cent. interest was being charged.

Witness, therefore, proposed to Mr. Brown, as manager of the A.-O.F.C., that the A.-O.F.C. should credit the Raven Trust Company with interest on the value of the Benjamin shares which they were using.

Dr. Sellett: What were your reasons for making that suggestion?

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Speeding Up

Mr. Driscoll: I thought the Raven Trust Company should have some benefit. I also thought that if the A.-O.F.C. had to pay interest on the value of the shares they would effect their transfer to safekeeping more quickly.

Answering further questions, the witness said he did not recall what was the margin position of the A.-O.F.C. with Pierce and Company at the time the Executive Council decided to transfer Benjamin's shares to safekeeping "little by little." In the case of fully-paid shares owned by Mr. L. E. Hudec, well-known local architect, he instructed that they, also, be transferred to safekeeping with Pierce and Company and this was done. The value of these shares was about U.S. \$42,000.

During the course of this evidence, Mr. Richard T. Evans, counsel for Mr. Raven, objected on the grounds of irrelevancy. "We don't deny that these transfers to safekeeping were made," he declared.

Witness Irreproachable

Dr. Sellett: I submit that it is entirely relevant. My purpose is to show that the actions of the witness were at all times above-board and irreproachable.

Judge Helmick overruled the objection and Dr. Sellett continued his examination along the same lines. His next question elicited the information that fully-paid shares owned by Mr. Chester M. Tobin had been transferred to safekeeping at the instance of the Raven Trust Company, which approached the A.-O.F.C. in regard thereto.

Dr. Sellett: And who initiated the action of the Raven Trust Company?

Mr. Driscoll: I did.

Activities Of E. C.

Turning to the activities of the Executive Council, prosecuting counsel drew the information that the most important business of the Raven enterprises was dealt with

by that body and not by the boards of directors of the separate companies.

Meetings of the Executive Council, witness said, were held weekly and the results were not necessarily reported to the boards of directors. Only such matters were reported to them as required some formal action on their part.

Dr. Sellett then turned his attention to the office set-up of the Raven enterprises, showing that the principal ones—the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company—were all housed in one building at 29 Nanking Road, thus tending to associate them as one in the public mind.

Short Walks

"If you, as secretary of the Raven Trust Company, wanted to deliver a letter to Mr. J. Warner Brown, manager of the A.-O.F.C., how far did you or the messenger have to travel?" he asked the witness.

Mr. Driscoll: Fifteen feet.

Dr. Sellett: And to the American-Oriental Banking Corporation?

Mr. Driscoll: About 70 feet.

Dr. Sellett: And to the Asia Realty Company, which was at 50 Nanking Road?

Mr. Driscoll: About 250 feet.

Raven's Salaries

Answering further questions, witness said Mr. Raven received a salary from the Raven Trust Company up to the end of 1933, but continued giving his services to the company after that without salary. He also received a salary from the A.-O.F.C. but witness did not know the amount. Nor did he know what Mr. Brown received as Vice-President and Manager of the A.-O.F.C. Mr. Raven was chiefly responsible for the engagement of managers for the different companies and the hiring of other personnel.

Dr. Sellett then turned to the period which immediately preceded the crash of the Raven enterprises on May 23, 1935, with particular reference to meetings of the Raven Executive Council during that period.

These meetings, which were held two and sometimes three times a week were devoted to considering the financial difficulties in which the Raven enterprises had become involved and the finding of a way out.

Mr. Raven, witness said, attended all the meetings and some were attended by Mr. Brown, but the latter left for Manila on May 6 and was therefore not present during the last period during which meetings were held.

Opinion Divided

Opinions were divided as to whether the Raven companies would be able to weather the storm. Some members of the Executive Council thought they would pull through, but others were very sceptical.

In an endeavour to save the situation, the witness continued the A.-O.F.C. withdrew large portions of its London and New York balances and put them into the American-Oriental Banking Corporation, the latter being in the most difficult position.

Witness was then brought to the final and fateful meeting of the

Executive Council held on the night of May 23, at which the decision to close down was reached. This meeting was followed by a further meeting held in the home of Mr. J. A. Mackay, manager of the Shanghai Branch of the National City Bank of New York.

Purpose Undisclosed

The precise purpose of this meeting was not elicited, as the Court adjourned before questioning along this line was reached, but the witness, asked who had attended that meeting, replied that the following were present in addition to Mr. Mackay: Mr. Frank J. Raven, Mr. H. Sandor, a director of the A.-O.F.C., Mr. H. W. Weyler of the A.-O.F.C., Mr. J. Kleffel, former manager of the A.-O.B.C., Mr. A. E. Schumacher, Manager of the Shanghai Branch of the Chase Bank, Mr. C. V. Starr, of the Asia Life Insurance Company and the Underwriters' Savings Bank, Mr. J. E. Swan, partner in the firm of Swan, Culbertson and Fritz, Mr. M. Speelman of the International Savings Society, and Mr. Driscoll. The meeting lasted from 9 p.m. until 1 a.m.

At this stage the Court adjourned until 10 a.m. to-day.

Mr. Driscoll took the witness-stand yesterday morning in the presence of a crowded courtroom and gave his testimony with obvious signs of nervousness and discomfort as he faced his former employers and associates. Nevertheless, he answered the questions put to him in a clear, firm voice.

Replying to Dr. Sellett, he said he was 30 years of age, an American citizen, now residing at 333 Amherst Avenue with Mr. J. Kleffel, former manager of the A.-O.B.C. A lawyer by profession, he graduated from Leland Stanford and had practised in the United States. At present he is a member of the Bar of the U.S. Court for China.

Started In 1932

In September, 1932, he became secretary of the A.-O.F.C. in succession to Mr. James F. Price and remained in that capacity until the Raven concerns crashed. In June, 1934, he became a director of the A.-O.F.C. and was given the added post of treasurer on January 1, 1935, remaining in both positions until the crash.

During his incumbency as director, treasurer and secretary of the A.-O.F.C. he drew no salary, but once received a bonus for night work. His salary came from the Raven Trust Company and the A.-O.B.C. At first he received \$600 a month, but when the crash came he was getting \$1,000.

Mr. Raven, according to his testimony was in almost daily contact with the affairs of the Raven Trust Company in his capacity as president.

When Dr. Sellett commenced introduction of leaves from a loose-leaf book in Mr. Driscoll's possession, containing the identity of A.-O.F.C. cipher accounts, counsel for the defence raised a strong objection.

Motive To Be Shown

Dr. Sellett: I shall show that the defendants, particularly Mr. Raven, carried on extensive New York trading accounts, for the most part unsecured and often with heavy losses. This will show a substantial motive for the de-

endants to commit the offences with which they are charged, using other people's property for their own purposes.

Judge Helmick overruled the objection, whereupon Mr. Evans, counsel for Mr. Raven, said he wished it understood that defence counsel objected to each question which might be put in connection with the book in Mr. Driscoll's possession and asked that an exception be noted to each one.

The only other new witness called yesterday was Mr. Georges Coquelet, Belgian chartered accountant formerly employed by the A.-O.F.C. and now with Hardivilliers and Company. He said he had worked for the A.-O.F.C. from January, 1932 to May 1, 1933.

Mr. Evans Objects

Mr. Evans pointed out that this was before the time of any of the transactions upon which the charges against the defendants are based. To which Dr. Sellett replied that he desired to show how the corporation was run and the connection of the defendants with

it. Judge Helmick overruled the objection and Mr. Evans noted exceptions to all the witness's testimony.

Mr. Coquelet said he had made many reports on the positions of clients, which reports had gone to Mr. J. Warner Brown, manager of the A.-O.F.C.

Three such reports were then introduced in respect of November 18, 1932, one of which showed a list of clients whose collateral did not cover their indebtedness. Another was a list of clients on short margin, while the third was a list of clients with fully paid shares, which, Mr. Coquelet said, was the first of its kind he had ever prepared. He recalled Mr. Brown asking him to make it up for Mr. Raven.

In making this statement originally, the witness said "I think," to which Mr. Evans objected. "If he says: 'That is my recollection,' all right."

Mr. Coquelet: I should improve my English. Excuse me!

The list of clients whose collateral did not cover their debit balances included one, "R. T. Co. Trust Account." The list itself totalled U.S.\$364,346.

Judge Helmick: Take the figures of one account, U.S.\$4,291. Does that figure represent the deficiency which would ensue if that person's securities were sold out on that day?

Mr. Coquelet: Yes, but it doesn't show the amount of his holdings, nor does it directly show his debit balance.

Deficiency On Sale

Judge Helmick: Doesn't it practically show his debit balance?

Mr. Coquelet: No, it merely shows that if he were sold out this amount of U.S.\$4,291 would be the loss to the A.-O.F.C. on the whole transaction. The same is true with respect to the other names on the list.

Judge Helmick: So that if all the shares were sold out, what would be the loss to the A.-O.F.C.—U.S.\$364,346?

Dr. Sellett: Regarding the account, if all the clients on that list were to pay in enough money to bring their accounts up to margin requirements, what would they have to pay in?

Mr. Coquelet: They would have to pay in U.S.\$22,581.

Cross-examining the witness, Mr. Franklin, counsel for Mr. J. Warner Brown, asked: "With this huge loss you have testified to, did you consider the A.-O.F.C. was insolvent?"

Mr. Coquelet: I had nothing to do with that.

What Would Be Lost

The second list, Government Exhibit 292, was the subject of much questioning and it was finally established that the A.-O.F.C. would have lost U.S.\$364,346 on the date previously referred to if the shares of the clients named on it had been sold out. In other words, their collateral was short by that amount to cover their total debits.

Most of this sum was accounted for by the debits of Mr. C. H. Raven, Mr. E. E. Shamoan, and the Raven Trust Company and the "R.T. Co." as trustees for a number of clients identified only by ciphers.

Mr. Hermann Aufwerber, salesman of the A.-O.F.C. was recalled briefly to testify to an account with a Mr. Richard R. Newman. Mr. Evans objected.

Pledged All They Could

Dr. Sellett: I am getting testimony to show how certain secur-

ities got into safekeeping. This has a bearing on how others did not. The defendants hypothecated all the securities they could. It was no mistake or oversight that the shares mentioned in the Government information did not get into safekeeping.

Mr. Evans: We are quite willing to admit that securities were never put into safekeeping without request.

Dr. Sellett: I will show that shares did not always go into safekeeping even when requested by clients.

Judge Helmick: It certainly seems that unless requested by a client, shares never went into safekeeping.

Dr. Sellett (to defence counsel): Why won't you admit specifically that Newman's shares went into safekeeping only when Newman requested it?

Mr. Franklin: Our admission covers that.

Judge Helmick: The Court is satisfied that the Newman shares went into safekeeping only at his request.

More Evidence By Curtis At The Raven Trial

Witness Testifies To The Disposal Of Securities
Worth U.S. \$1,100,000 To Settle Indebtedness
Of A.-O.F.C. When Crash Came Last Year

Stocks to the approximate value of U.S. \$1,100,000 were being held for the American-Oriental Finance Corporation by E. A. Pierce and Company, San Francisco, on May 23, 1935, the date on which the A.-O.F.C. closed its doors, according to testimony given by Mr. C. C. Curtis, an official of the San Francisco firm, at the continued hearing in the United States Court for China yesterday of the 16 charges of theft, embezzlement and fraud on which Mr. Frank J. Raven and Mr. J. Warner Brown are undergoing trial.

When the A.-O.F.C. crashed, all these stocks, which had been pledged by the A.-O.F.C., were sold out by Pierce and Company to cover the A.-O.F.C.'s indebtedness on its margin account, with resultant heavy losses to Shang-

hai investors, many of whom had paid in full, through the A.-O.F.C., for stocks which the A.-O.F.C. had hypothecated to Pierce and Company.

It is the contention of the prosecution that in pledging stocks belonging to A.-O.F.C. customers who had paid for them in full, Messrs. Raven and Brown, as the responsible heads of the A.-O.F.C., committed acts of embezzlement and theft as charged in the indictment.

At yesterday's session of the trial, Mr. Curtis, continuing his evidence of the day previous, with Dr. George Sellett, assistant District Attorney, examining, told of the opening by the A.-O.F.C. of branch offices in Hongkong and Manila in the spring of 1934. These offices, he said, did business direct with the San Francisco office of E. A. Pierce and Company. When their accounts were short margined, Pierce and Company looked to the head office of the A.-O.F.C. in Shanghai to furnish the required additional margin.

Stocks Liquidated

The witness then went on to say that on May 24, 1935 the A.-O.F.C. cabled Pierce and Company, informing them that the Raven group had gone into voluntary liquidation and requesting the cancellation of all buying orders.

Dr. Sellett: What did E. A. Pierce and Company do?

Mr. Curtis: We proceeded to liquidate the debit balance of the A.-O.F.C. in the usual manner—by selling out their stocks.

The Manila office, witness added, cabled Pierce and Company not to liquidate its business since this was being transferred to another brokerage house. Securities in the accounts of the A.-O.F.C. at Shanghai and Hongkong were liquidated on May 25.

What The A.-O.F.C. Owned

In reply to further questions by Dr. Sellett, Mr. Curtis said that at the close of business on May 23, the A.-O.F.C. was indebted to Pierce and Company in the sum of U.S. \$865,567.67 in respect of the Shanghai office, U.S. \$73,892.65 in respect of the Hongkong office, and U.S. \$5,640.41 in respect of the Manila office.

By May 31, all the debit balance of the Shanghai office had been liquidated, except for about U.S. \$20,000. By August 31, this had been reduced to U.S. \$8,000. The A.-O.F.C. had never had a credit balance with Pierce and Company, Mr. Curtis said. The Hongkong office never had a safekeeping account, but the Manila office had put some shares into safekeeping.

Continuing to describe the business relations of Pierce and Company with the A.-O.F.C., Mr. Curtis said that when the account was first opened the A.-O.F.C. furnished margin both in cash and securities. Later, however, it deposited with Pierce and Company two letters of credit, one on the Chase National Bank for U.S. \$200,000 and the other on the Belgian bank for U.S. \$30,000. Pierce and Company drew against neither, however.

Approached By Brown

Concluding his examination of Mr. Curtis, Dr. Sellett asked him whether he had at any time been approached by Mr. J. Warner Brown, one of the defendants, since his arrival in Shanghai.

"Mr. Brown spoke to me when I got off the boat," witness replied. "Later, he telephoned me and invited me to accompany him to the races. I declined the invitation, telling him that I had come to Shanghai as a government witness in his case and that I would not care to be seen in his company until the trial was over."

In commencing his cross-examination of Mr. Curtis, Mr. C. S. Franklin, counsel for Mr. J. Warner Brown, revealed that a Mr. Woods, partner in E. A. Pierce and Company, resident in San Francisco, had written a letter to Mr. Brown, advising him that Mr. Curtis was coming to Shanghai and suggesting that the latter would be glad to see him. This letter, which was not read in full, referred to the "unfortunate charges" which had been preferred against the defendants.

Replying to Mr. Franklin, Mr. Curtis said that Mr. Woods had given him a letter to mail to Mr. Brown on the boat, but he (Mr. Curtis) was unaware of the contents. Further questioning elicited the information that Mr. Curtis and Mr. Brown had been well acquainted socially in San Francisco.

Safekeeping Accounts

Mr. Curtis was then cross-examined in regard to the general practice of Pierce and Company in the matter of safekeeping accounts. In the case of individual customers, he said, Pierce and Company had the right to take shares out of safekeeping for margin requirements.

Judge Helmick: That presupposes, of course, that the customer has a margin account and a safekeeping account?

Mr. Curtis: Naturally, your honour.

But in the case of a brokerage house customer, witness continued, the request safekeeping account was not disturbed, even if the customer became under-margined. In the case of an ordinary safekeeping account, however, where there was a "long" position, shares could be transferred back and forth between the margin and safekeeping accounts. This practice was in accord with the regulations of the New York Stock Exchange.

The trial will continue at 10 a.m. to-day.

D. J.

file

13096

Curtis Testifies Regarding A.-O.F.C. Safekeeping

Evidence At Yesterday's Session Of Raven Trial Shows That Corporation Operated For Several Years Without Such Customers' Safeguard

Practically the entire length of yesterday's session of the trial of Mr. Frank J. Raven and Mr. J. Warner Brown, President and Vice-President, respectively, of the defunct American-Oriental Finance Corporation, on 16 charges of theft, embezzlement and fraud, was devoted by the U.S. Court for China to the hearing of testimony by Mr. C. C. Curtis of the San Francisco office of E. A. Pierce and Company regarding the safekeeping account which the A.-O.F.C. had with his firm.

The session, which began at 10 a.m. and lasted until 4 p.m., with the usual lunch hour intermission, was singularly lacking in interest from the public point of view.

When it terminated, the prosecution had handed in its 285th exhibit in the case, and it was indicated that with the continuance of full-day sessions, except on Saturday and Sunday when the Court does not sit, the trial will not be concluded before January 24, which is Chinese New Year, and may even continue beyond that date.

Mr. Curtis, who was recalled by the prosecution after having

given testimony on several previous occasions, told the Court how Mr. J. Warner Brown had visited him in San Francisco in 1930 with a view to studying the business methods of E. A. Pierce and Company in stock market transactions.

Dr. Sellett, Assistant District Attorney, introduced a letter written by Mr. Brown in San Francisco to Mr. Raven in Shanghai and reading, in part, as follows:

Mr. Brown's Letter

"I took up both with Mr. Woods and Mr. Curtis the matter of holding securities in our margin account which have been entirely paid for. This is a matter of importance and where the stock has been fully paid for, it is taken out of the margin account and set aside in safekeeping. We will arrange to do this, as the liability in this respect is considerable in case we should have such shares in our margin account and were borrowing against them."

Evidence then elicited by Dr. Sellett in examining Mr. Curtis showed that the A.-O.F.C. had opened a safekeeping account with E. A. Pierce and Company in June of 1933. Previous to the opening of that account, Mr. Curtis said, there had only been one transaction of a safekeeping character between the two firms and that had taken place in 1930.

No Safekeeping Account

Having thus established the fact that the A.-O.F.C. had operated for several years without having any safekeeping account with E. A. Pierce and Company, and that all the transactions between the two firms both in margin and fully-paid stocks, had been through the medium of the regular or margin account which the A.-O.F.C. had with Pierce and

Company, Dr. Sellett then took the witness in detail through the various transactions recorded in the A.-O.F.C.'s safekeeping account with Pierce and Company from the time it was opened in June, 1933 until the end of May, 1935, a few days after the A.-O.F.C. closed its doors.

Photostatic copies of the sheets of the safekeeping account in the ledger of E. A. Pierce and Company were introduced by Dr. Sellett and identified by Mr. Curtis as authentic records. The witness also identified sundry correspondence which had passed between the A.-O.F.C. and Pierce and Company relative to transfers of stocks into and from the safekeeping account as recorded on the ledger sheets. Most of this correspondence bore the signature of Mr. J. Warner Brown in his capacity as manager of the A.-O.F.C.

Dr. Sellett: Do the photostatic copies of the ledger sheets introduced here, and the correspondence relating to the entries therein, reflect all the safekeeping transactions which the A.-O.F.C. had with Pierce and Company between June, 1933 and the end of May, 1935?

Mr. Curtis: They do.

In reply to further questions, witness stated that shares of a value of U.S.\$3 or more were accepted by Pierce and Company for hypothecation in the A.-O.F.C.'s margin account as from March 6, 1935.

The Jones Transaction

This point was introduced by the prosecution to show that the Electric Bond and Share stocks lost by a previous witness, Mr. C. R. Jones, were accepted in the

margin account, whereas counsel for the defence had tried to show at an earlier session that shares of a value of U.S.\$5 or less were not accepted in the margin account by E. A. Pierce and Company.

The only other witness yesterday was Mr. Hermann Aufwerber, who was recalled by the prosecution to testify to A.-O.F.C. dealings with Mr. Stanley G. Kirkland, a witness of the previous day.

Mr. Aufwerber, who was employed by the A.-O.F.C. as a salesman, said he had visited Mr. Kirkland several times in May, 1933 to solicit business. One day, Mr. Kirkland telephoned to him asking him to call. Witness duly called and Mr. Kirkland handed him certain scrip for transmission to E. A. Pierce and Company through the A.-O.F.C.

Wanted Scrip Held

Mr. Kirkland, explained, witness said, that he wanted the scrip held by Pierce and Company as he, Mr. Kirkland, had no facilities for handling it nor for collecting the accruing dividends. There was no reason for Mr. Kirkland to endorse a signature card, since he was neither selling nor buying.

Cross-examined by Mr. C. S. Franklin, who appears for Mr. J. Warner Brown, Mr. Aufwerber said that he got no commission and only bother out of the transaction with Mr. Kirkland. He took the business in the hope that it would lead to further business later on, business that would carry a commission.

The Court will sit again at 10 a.m. to-day.

D.

File

13092

Two Further Witnesses In Raven Case Testify

American Factory Representative Tells Of Loss Of Sundry Shares Entrusted To The A.-O.F.C. For Transmission To E. A. Pierce And Co.

Yesterday afternoon's session of the trial of Mr. Frank J. Raven and Mr. J. Warner Brown in the U. S. Court for China on 16 charges of theft, embezzlement and fraud saw the conclusion of testimony of the five victims of the American-Oriental Finance Corporation crash who are named in the indictment framed against the two defendants.

The only witness called during the afternoon session was Mr. Stanley G. Kirkland, local factory representative of the American Hardware Corporation, who relat-

ed to the Court the circumstances under which he came to lose numerous shares of stock which he turned over to the A.-O.F.C. for transmission in safekeeping to E. A. Pierce and Company, New York.

Mr. Kirkland's evidence related to the 15th and 16th charges in the indictment, which allege the embezzlement and theft of 25 Socony-Vacuum shares, 25 I. T. and T. shares, 25 Packard Motor Car shares, 15 General Electric shares, 10 Studebaker Corporation shares and 2 3/16 Radio Corporation of America shares, belonging to Mr. Kirkland and placed in the custody of the A.-O.F.C. for safekeeping.

Knew Them By Sight

In answer to questions by Dr. George Sellett, Assistant U. S. District Attorney, Mr. Kirkland said he was 42 years of age and had resided in Shanghai since 1921. He knew the defendants by sight, but not personally.

In May, 1933, witness went on to relate, Mr. Hermann Aufwerber, a salesman of the A.-O.F.C., called at his office to solicit business and witness turned over to him the shares enumerated in the indictment. He instructed that these shares, which were registered in his name, be sent to E. A. Pierce and Company, New York, and Mr. Aufwerber gave him a receipt for the scrip.

Dr. Sellett (producing an A.-O.F.C. signature card): Did you ever see or sign a card of this type before the A.-O.F.C. closed down on May 23, 1935?

Witness: No.

Dr. Sellett: Why did you give your share certificates to Mr. Aufwerber?

Witness: I wanted them sent to New York for my account. They were to be lodged with E. A. Pierce and Company, because I had no facilities for handling the dividends which accrued on them.

Certificates Forwarded

Mr. Kirkland then went on to say that he received a letter from the A.-O.F.C. (produced in Court) informing him that his share certificates had been forwarded to Pierce and Company, New York, by registered parcel post.

Dr. Sellett then produced a letter written by the A.-O.F.C. to Pierce and Company, advising despatch of the certificates. This letter, which was signed by Mr. J. Warner Brown, asked Pierce and Company to credit the A.-O.F.C. account with the shares.

Mr. Kirkland identified numerous statements which he had received from the A.-O.F.C. showing the shares as standing to his credit, also statements showing the dividends earned on them.

Dr. Sellett: Did you collect these dividends from the A.-O.F.C.?

Witness: No. I just left them there to accumulate.

Photostatic Copies

Dr. Sellett then produced photostatic copies of Mr. Kirkland's share certificates, upon which the witness identified the copy of his own signature of endorsement.

Dr. Sellett: Why did you endorse these certificates?

Witness: I endorsed them "in blank" to render them negotiable for transmission to E. A. Pierce and Company.

Dr. Sellett: Were these share certificates your property?

Witness: Absolutely. All the shares which they represented were fully paid for and were absolutely my property.

Dr. Sellett: Did you ever see them again after they had been handed to Mr. Aufwerber?

Witness: No, I never got them back.

Dr. Sellett: Did you ever authorize the A.-O.F.C. of either of the defendants to hypothecate, pledge or sell these shares?

Witness: I never did.

Never Received Value

Dr. Sellett: Did you ever receive from the A.-O.F.C. or either of the defendants the value of the certificates?

Witness: No.

Dr. Sellett: What was the approximate worth of the shares when you turned them over to the A.-O.F.C.?

Witness: About U. S. \$2,500.

Mr. C. S. Franklin, who appears for Mr. J. Warner Brown, pointed out that this figure contradicted the figure given in the indictment, which is U. S. \$1,007.92.

Dr. Sellett: Yes, the discrepancy is obvious, but I will prove the value at a later stage.

Judge Helmick: It is only necessary to prove that a value of U. S. \$30 is involved.

Cross-Examination

Mr. Kirkland was then submitted to a lengthy cross-examination by Mr. Franklin as to what he understood was to happen to his shares when he handed them over to the A.-O.F.C. Witness said that he had chosen the A.-O.F.C. for the business instead of placing it with his bankers, the National City Bank of New York, merely because Mr. Aufwerber had called on him and solicited the business.

Mr. Franklin: But just why did you do it? Was it not because you contemplated trading in the shares?

Witness: No. I happened to know of Pierce and Company and I wanted them placed with that firm as I hadn't the facilities for handling accruing dividends. I travel a lot and am frequently out of town.

Reason For Endorsement

Mr. Franklin: If you did not intend trading in the shares, why did you endorse them and render them negotiable?

Witness: Simply because

Mr. Franklin then drew the witness's attention to the fact that the receipt which he received from the A.-O.F.C. for the scrip did not mention Pierce and Company, merely stating that the shares had been received for Mr. Kirkland's New York stock account.

Witness: But I received a letter from the A.-O.F.C. enclosing a copy of a letter which they had sent to Pierce and Company when they forwarded the certificates to New York.

Whose Account?

Mr. Franklin: Did you not notice that in that letter which the A.-O.F.C. sent to Pierce and Company it was asked that the shares be credited to the account of the A.-O.F.C. and not to your account?

Witness: I gave it no consideration.

Mr. Franklin then referred to a statement which Mr. Kirkland had received from the Liquidator after the A.-O.F.C. had closed down. This statement showed that Mr. Kirkland's shares had been sold on May 27, 1935, three days after the closure.

Mr. Franklin: I take it you did not authorize the sale of your shares?

Witness: I did not.

Mr. Franklin: Now, Mr. Kirkland, the statements sent to you by the A.-O.F.C. show that you were credited by the A.-O.F.C. with interest at the rate of three per cent. on your credit balance. Did that not indicate to you that the A.-O.F.C. was using your funds?

Not A Financier

Witness: It did not. I was not financing the A.-O.F.C. The interest allowed was on the dividends which accrued from my shares and which I did not collect. This had nothing to do with the shares themselves. It was my understanding that the shares were to be taken out of my name and transferred to the A.-O.F.C. so that the A.-O.F.C., through Pierce and Company, could collect the dividends for me.

Mr. Richard T. Evans, counsel for Mr. Raven, asked the witness where he kept the shares before turning them over to the A.-O.F.C. "In my office safe," witness replied.

Under re-examination by Dr. Sellett, Mr. Kirkland said that when he received periodical statements from the A.-O.F.C., setting forth particulars of the shares which he had handed over to them or transmission to New York, he always understood that the shares were his own absolute property.

Mr. Yates Gives Evidence

At the morning session of the Court, testimony was taken from Mr. Gordon Yates, general shipping agent of the Glen Line, regarding a transaction with the A.-O.F.C. involving 100 Curtiss-Wright shares.

Mr. Yates' evidence was to the effect that he had paid the A.-O.F.C. for the purchase of these 100 shares in full, but had never received them. After the A.-O.F.C. had closed down, he was informed by the Liquidator that the shares had been sold on May 27, 1935. That was three days after the closure.

As in the case of previous witnesses, Mr. Yates declared that he had never authorized the A.-O.F.C. or either of the defendants to pledge, hypothecate or sell his shares or any of them.

The trial proceedings adjourned at 4.15 p.m. yesterday and will be resumed at 10 a.m. to-day. One of the government witnesses expected to be called to-day is Mr. C. J. Haley of San Francisco, who was formerly an official of the A.-O.F.C. Together with Mr. C. C. Curtis of E. A. Pierce and Company, he was brought to Shanghai specially for the purpose of testifying at the trial of Messrs. Raven and Brown.

the GRAND

file

S. M. P. Officer Testifies At Continuance Of Raven Trial In The U. S. Court

Witness Tells How He Intended To Sell His Shares Which A.-O.F.C. Held, But Raven Crash Killed Project; Shares Gone And Money With Them

TESTIMONY BY CURTIS SHOWS THAT RAVEN FIRM PLEDGED FULLY-PAID STOCKS

Court proceedings in the trial of Mr. Frank J. Raven and Mr. J. Warner Brown on charges of theft, embezzlement and fraud were somewhat enlivened yesterday after the preceding dull session by the dry humour of Mr. Charles Robert Jones, an officer of the Shanghai Municipal Police, who was called by the prosecution to testify to his transactions with the American-Oriental Finance Corporation.

The testimony of Mr. Jones related to Counts 12, 13 and 14 in the indictment of the defendants, who are being tried before Judge Milton J. Helmick in the United States Court for China. These counts charge the defendants with embezzlement of a cheque for Sh.\$549.18, drawn by Mr. Jones on the Hongkong and Shanghai Banking Corporation in favour of the American-Oriental Finance Corporation, embezzlement of the proceeds of the cheque, and theft of the cheque itself.

The cheque, according to the testimony, was given to the A.-O.F.C. by Mr. Jones in full payment of 50 shares of Electric Bond and Share stocks, but Mr. Jones never received the shares, nor was the money refunded to him.

Mr. Jones Testifies

Stating that he was a British subject, 32 years of age, and that he had been in the Shanghai Municipal Police for six years, Mr. Jones told the Court, in reply to questions by Dr. George Sellett, Assistant District Attorney, that he was acquainted with both defendants, but that he was better acquainted with Mr. Brown than with Mr. Raven.

His dealings with the A.-O.F.C., witness went on, commenced in August, 1931, when he bought 57 shares of stock in the A.-O.F.C. It was in 1932, however, that he started dealing in New York stocks through the A.-O.F.C. He continued such dealings until the A.-O.F.C. closed down in May, 1935.

Mr. Jones identified a signature card of the A.-O.F.C. which he had signed when he commenced dealing in New York stocks. It was dated February 29, 1932. He also identified his signature on the reverse side of the card, which was a general form of hypothecation.

Dr. Sellett: What were the circumstances which led you to start business with the A.-O.F.C.?

Easy Money Waiting

Witness: I started dealing with them when I received a letter from the bank saying that there was easy money to be made.

Dr. Sellett: When you say you received a letter from the bank, do you mean you received it from the A.-O.F.C.?

Witness: To me the bank (American-Oriental Banking Corporation) and the A.-O.F.C. were one.

Prosecuting counsel then asked Mr. Jones whether he recalled what his position was with the A.-O.F.C. early in March, 1935.

(Continued on Page 5, Col. 1.)

"Only too well," witness promptly returned. "I had to my credit 50 fully paid up Electric Bond and Share stocks. Previously the A.-O.F.C. had delivered to me 200 of these shares for which I had paid in full. That was a few weeks before the bank closed."

Continuing, the witness said he had received monthly ledger statements showing his position with the A.-O.F.C. He then went on to describe the transaction in the 50 Electric Bond and Share stocks which he said he had fully paid for but never received.

Transaction Described

Witness ordered these shares on February 23, 1935, and in due course received a notification from the A.-O.F.C. to the effect that the shares had been purchased for his account and asking him to pay them the cost of same, namely, U.S.\$210.12. That was on March 14, 1935. Thereupon witness drew a cheque on the Hongkong and Shanghai Banking Corporation for the equivalent amount in Shanghai dollars. The amount of that cheque, which he delivered to the A.-O.F.C., was \$549.18 and it included an amount of U.S.\$2 which he owed the A.-O.F.C. for the cost of a cable. He received from the A.-O.F.C. a receipt for the cheque.

The cancelled cheque for the amount in question was produced by Dr. Sellett and the witness identified it as the one which he had delivered to the A.-O.F.C. and with which his account with the Hongkong and Shanghai Banking Corporation had been debited.

Dr. Sellett: Did you ever receive the 50 Electric Bond and Share stocks which you paid for with that cheque?

Did Not Set Shares

Witness: I did not. When I heard that the A.-O.F.C. had gone smash I sent them a letter, instructing that under no circumstances were my 50 shares to be disposed of in any way.

Dr. Sellett: Did you get the shares then?

Witness: No. I received a reply stating that the affairs of the A.-O.F.C. were being placed in the hands of a liquidator.

Dr. Sellett: Did you get back the money which you had paid for the 50 shares?

Witness: I did not.

Dr. Sellett: Did you ever at any time authorize the A.-O.F.C. or either of the defendants to pledge or hypothecate those shares?

Witness: I did not.

Mr. C. S. Franklin, counsel for Mr. J. Warner Brown, then rose to cross-examine Mr. Jones and questioned the latter in detail as to his various transactions with the A.-O.F.C.

"Only Too Well"

Asked if he could recall what his first stock transaction had been, Mr. Jones said he remembered it only too well because he had lost money on it. It was a venture in Canadian Pacific Railway shares. He then bought shares of General Motors in an effort to recoup his loss. These were bought at 20, but they slumped to 7.13. Later, however, they soared to 30, but he sold out when they stood at 22.

Fully paid up shares which he acquired through the A.-O.F.C., witness said, were lodged by him with the A.-O.F.C. as security for further trading.

Coming to his several dealings in Electric Bond and Share, witness told the Court that he bought them at a rock bottom price.

"When they rose, I intended selling them and buying a car with the proceeds. But the bank closed and I did not get my car.

Mr. Thomas Waung, accountant of the A.-O.F.C. was then recalled by the Assistant District Attorney and spent some time on the witness-stand identifying office documents and accounts relating to the transactions between the A.-O.F.C. and the previous witness.

Shares Under U.S.\$5

Under cross-examination by Mr. Franklin, witness disclosed the fact that customers of the A.-O.F.C. had to pay cash for all shares of stock which were of a lesser value than U.S. \$5.

Mr. Franklin: Why was that?
Witness: Because F. A. Pierce and Company would make no loans against such shares. Shares of less than U.S. \$5 had no loan value.

Dr. Sellett: But Pierce and Company accepted hypothecation of such shares?

Witness: Yes.
Dr. Sellett: In other words, such shares were accepted in the margin account which the A.-O.F.C. had with Pierce and Company?

Witness: Yes.
Mr. Franklin thereupon drew the Court's attention to the fact that the witness had given contrary answers to two questions which were in essence the same.

Ask Mr. Curtis

Mr. Waung: You had better ask Mr. Curtis to answer these questions. He is the representative of Pierce and Company and knows the position better than I do.

During the course of yesterday's proceedings, Mr. C. S. Franklin addressed the Court with a complaint, to the effect that the defence was being treated unfairly.

"We have been very seriously handicapped," counsel declared, "by not having at our disposal any of the documents which will prove the defendants' entire innocence. Even witnesses who have been called for the Government have been cautioned against answering any questions put by us."

In reply, Dr. Sellett said that in such a case as the one now being tried the defence would naturally refrain from discussing the matter with Government witnesses, and from questioning them.

No Obstruction Intended
"The Government does not wish to prevent the defence from obtaining any evidence which might be helpful to them. They can question our witnesses on the witness-stand as much as they like. After all, it is obvious that certain witnesses are Government witnesses and I think the usual practice is to stay away from such witnesses in the same way that the prosecution would not presume to get into contact with witnesses whom the defence propose to call."

Judge Helmick: If the defence calls for any specific document, the Government will certainly produce it, but it is unreasonable to expect them to go over a wide, unspecified area in a general hope of something turning up.

Another feature of yesterday's proceedings was a heated altercation between the prosecution and the defence as to whether the A.-O.F.C. carried out all requests by clients for transfer of shares from its general, or margin, account with E. A. Pierce and Company to the safekeeping account or to any other account which clients might specify.

This arose from the morning testimony of Mr. Thomas Waung, A.-O.F.C. accountant, which dealt with the transactions between the A.-O.F.C. and Mr. Lucien C. M. Basset, French exchange broker, who gave evidence at a previous session, regarding his loss of approximately U.S. \$50,000 as a result of transactions with the A.-O.F.C.

Stocks In Margin

Prosecuting counsel elicited from Mr. Waung the fact that the A.-O.F.C. had both a safekeeping account and a margin account with E. A. Pierce and Company, but that all of Mr. Basset's stocks, for which he had paid the A.-O.F.C. in full, were placed in the margin account.

Under cross-examination by Mr. Franklin, Mr. Waung stated that share were put into the safekeeping account only when customers of the A.-O.F.C. so requested. Counsel then asked the witness to prepare a list of all share transfers to safekeeping, or for registry and delivery to clients, from December 1, 1933 to May 23, 1935, when the A.-O.F.C. closed its doors.

Mr. Waung: There were many requests for such transfers.

Mr. Franklin: Were all such requests fulfilled?

Mr. Waung: Yes.

Mr. Franklin: Up to the very time the A.-O.F.C. closed its doors?

Mr. Waung: Yes.

Mr. Franklin: Was Mr. Basset notified of all changes in his account and of its status at all times?

Mr. Waung: Yes.

Basset Not Informed

Dr. Sellett: Did notices to Mr. Basset inform him that his transactions were in the general, or margin, account, and that his shares had not been fully paid for by the A.-O.F.C.?

Mr. Waung: No.

Dr. Sellett: Was Mr. Basset informed that his shares had been hypothecated to Pierce and Company?

Mr. Waung: No.

Mr. Franklin: Would Mr. Basset have been notified if his shares had been put in the safekeeping account?

Mr. Waung: Yes.

Dr. Sellett: With reference to Mr. Franklin's request that Mr. Waung prepare a list of share transfers, the Government would be glad to comply if the defendants through their counsel will inform us where requests for such transfers may be found.

Mr. Franklin: Are you suggest-

ing that such requests were not carried out?

Unable To Re-Finance

Dr. Sellett: I will prove that one was not carried out, except slowly, over a period of months, because the A.-O.F.C. was not in a position to do the necessary re-financing.

Mr. C. C. Curtis of E. A. Pierce and Company was then re-called and identified various letters which he had sent to the A.-O.F.C. confirming the purchase of Mr. Basset's stocks. Mr. Franklin subjected the witness to a lengthy cross-examination on the subject of the margin account which the A.-O.F.C. with E. A. Pierce and Company.

Mr. Franklin: If Mr. Basset had requested the A.-O.F.C. to transfer his shares, on May 23, 1935, to the safekeeping account with Pierce and Company, and the request had been transmitted to you, would this have been done?

Witness: It would if the A.-O.F.C. had sufficient margin with us.

Mr. Franklin: Did they on that date—the date on which the A.-O.F.C. closed—have sufficient margin?

Witness: I don't think so.

Dr. Sellett: The Basset shares were at all times pledged to E. A. Pierce and Company?

Witness: Yes.

Leeway Allowed

Dr. Sellett: How much did you usually allow the A.-O.F.C. to be undermargin?

Witness: Usually not more than U.S. \$15,000 to U.S. \$20,000.

Mr. Waung was again recalled and identified initials on letters received by the A.-O.F.C. from Mr. Curtis. One set he identified as those of Mr. J. Warner Brown.

Mr. Curtis was followed on the witness-stand by Mr. Hermann Aufwerber, Austrian salesman employed by the A.-O.F.C., who had put through the transactions of the corporation with Mr. Basset.

This witness testified that all the orders for stocks which he secured, including those from Mr.

Basset, were initialed by Mr. J. Warner Brown before being placed in the locked order box at the A.-O.F.C. offices.

Continuing, the witness related how Mr. Basset had on one occasion asked him if his (Mr. Basset's) shares held by the A.-O.F.C. were safe.

Asked At Office

Witness, as far as he could recollect, inquired of one of the A.-O.F.C. officials, since it was his habit, when a customer made an inquiry, to get the information sought at the office and not assume personal responsibility by answering without reference to his superiors.

"I was told at the office on this occasion," Mr. Aufwerber said, "that Mr. Basset's shares were in the safekeeping account as distinct from the margin account. I do not remember which of the officials gave me this information."

On another occasion, witness said, he had a conversation with Mr. Samuel Sievertz, an official of the A.-O.F.C. who was in charge of the collection of margin. At that time the New York market had taken a drop and he was asked to collect margin. But later Mr. Sievertz told him everything was alright since they could use the Basset account, the A.-O.F.C. being "good enough for a day or two."

Procedure Attacked

"I answered that this was not right and that all fully paid shares, including Mr. Basset's, must be kept separate."

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Replying to further questions, witness said that the A.-O.F.C. had employed seven or eight salesmen, foreign and Chinese. He started with the firm at a salary of \$150 a month. The second month he got \$200. Later on, he worked exclusively on a commission basis and earned on the average over \$1,000 per month.

Cross-examined by Mr. Franklin, Mr. Aufwerber said the conversation with Mr. Sievertz to which he had referred took place in October or November, 1934 but he could not remember exactly when. Sievertz went on leave and when he returned to Shanghai, witness said to him: "You have put me in a hell of a mess."

Mr. Franklin: I don't want to hear about that. I want you to tell me when your conversation with Mr. Sievertz took place.

Witness: I don't recollect. It was in October or November. I remember that because it was just after Mr. Sievertz returned.

Mr. Leon Feingold, accountant of the American-Oriental Banking Corporation, was then recalled by Dr. Sellett and testified that a cheque drawn by Mr. Basset for U.S. \$11,553 in favour of the A.-O.F.C. had been paid in and credited to the account of the latter on December 18, 1933.

Dr. Sellett: From the bank ledger it appears that the cheque was cashed?

Witness: Yes.

Yesterday's session of the Court lasted until 4.15 p.m. and Judge Helmick then ordered an adjournment until 10 a.m. on Monday.

Broker Tells Court How Faith In Mr. Raven Cost Him Loss Of Large Sum

Testimony Given By Mr. Lucien Basset At Trial Of Messrs. Raven And Brown Discloses Limitless Confidence In Former Finance Magnate

VICTIM DID EXTENSIVE BUSINESS WITH THE A.-O.F.C. BUT NEVER VISITED OFFICE

Evidence showing how a customer of the now defunct American-Oriental Finance Corporation lost approximately U.S. \$50,000 largely as a result of reposing unlimited confidence in that institution due to the reputation of its President, Mr. Frank J. Raven, was given yesterday in the United States Court for China, when Mr. Lucien Claude Marie Basset, prominent local French exchange broker, testified to his stock transactions with the A.-O.F.C. at the continued hearing of the 16 charges of theft, fraud and embezzlement which have been preferred against Mr. Raven and Mr. J. Warner Brown, who was Vice-President of the A.-O.F.C.

The Court was in recess in the morning and the fourth session in the case commenced at 2 p.m. in a courtroom crowded with prominent representatives of the local community of stock and exchange brokers, who are evincing a lively interest in the proceedings. The entire session was devoted to the examination of Mr. Basset by Dr. George Sellett, Assistant U.S. District Attorney, and cross-examination by Mr. C. S. Franklin and Mr. Richard T. Evans, counsel for the defendants.

Speaking in halting English with an obvious French accent, Mr. Basset told the Court that he commenced dealing with the A.-O.F.C. in the latter part of 1933 through one of the A.-O.F.C.'s salesmen, a Mr. Aufwerber.

Was A Neighbour

Mr. Aufwerber, he said, was a neighbour of his. The first transaction with the A.-O.F.C. was put through, however, in Mr. Basset's office in the Hongkong and Shanghai Bank Building.

The first step taken was Mr. Basset's signature of the customary "signature card" form which the A.-O.F.C. used in its stock transactions with clients.

Dr. Sellett drew the witness's attention to the fact that this card, produced in Court, was not signed on the reverse side by Mr. Basset. It was dated November 11, 1933.

"Why did you not sign the card on the reverse side, in the space provided for signature?" Dr. Sellett asked the witness.

Witness: I did not sign on the reverse side because the business which I intended doing with the A.-O.F.C. was to be cash business and not a margin business. The reverse side of the card related to the margin type of transactions.

In reply to further questions by Dr. Sellett, Mr. Basset went on to describe numerous stock transactions which he had with the A.-O.F.C., in which he purchased and sold blocks of stock in the American Telephone and Telegraph Company and the Western Union Telegraph Company. Witness also identified numerous order slips, advices and statements relating to these transactions upon which his signature appeared and which were offered as exhibits by prosecuting counsel.

Memos Received

All orders, witness told the Court, were placed through Mr. Aufwerber. "When I placed an order for stocks I always received from the A.-O.F.C. a debit memo for the cost of the cable to San Francisco. Similar debit notes were sent to me when I gave orders for the sale of stocks or for the cancellation of orders which I had placed."

Dr. Sellett: After you had placed orders, did you always receive from the A.-O.F.C. notifications that the stocks you had ordered had been purchased for your account?

Witness: I did.

Mr. Basset then went on to describe a transaction involving the payment by him to the A.-O.F.C. of U.S. \$11,553 by means of a draft drawn by the Shanghai office of the Banque Franco-Chinoise on the Irving Trust Company in New York.

Messrs. Raven and Brown are charged with embezzlement and theft of this draft and with feloniously defrauding Mr. Basset by having falsely pretended and represented to him that the A.-O.F.C. had, on or about December 16, 1933, purchased for him 100 shares of American Telephone and Telegraph stock of the reasonable worth and value of U.S. \$11,553, represented by the aforementioned draft, whereas they had not in fact purchased said shares.

Cheque For \$11,553

Witness identified a letter which he had written to the Banque Franco-Chinoise requesting them to issue a compradore order for U.S. \$11,553 to pay for the 100 A. T. and T. shares. The bank, however, only issued compradore orders for Chinese currency. Accordingly, they furnished him a cheque for the amount in question on the Irving Trust Company, New York, their correspondents.

"I endorsed this cheque over to the A.-O.F.C.," said Mr. Basset, "and handed it to Mr. Aufwerber, the salesman for the A.-O.F.C., to pay for the 100 A. T. and T. shares."

"Thereafter I received a slip from the A.-O.F.C. notifying me that the 100 shares had been purchased. Likewise in other transactions. Then, periodically, I received statements showing the number of shares which the A.-O.F.C. was holding for my account. I did not keep the notification slips as I thought the statements were sufficient.

"I always checked these statements very carefully. They always correctly reflected my transactions with the A.-O.F.C. They were always correct."

Defence Protests

In giving his testimony, Mr. Basset's answers to the Assistant District Attorney's question were frequently rephrased by the latter for clearer entry in the record. This procedure brought protests from counsel for the defendants, who asserted that Dr. Sellett was putting words into the mouth of the witness.

These objections were usually overruled by Judge Helmick, who remarked that the witness's meaning was quite obvious and there could be no objection to Dr. Sellett's clearer repetition of the answers.

Mr. Basset then went on to describe a transaction involving a sum of U.S. \$28,000 which he had paid by telegraph to the A.-O.F.C. for the credit of the latter's account with E. A. Pierce and Company, San Francisco.

This remittance was also sent through the Banque Franco-Chinoise. At the time, he had already received notification from the A.-O.F.C. that they had filled an order which he had placed for a further 100 A. T. and T. shares. This remittance was to cover the purchase price of those shares. But the remittance covered more than that amount and the balance was to be placed to his credit for further transactions.

After that, Mr. Basset said, he continued to do business with the A.-O.F.C. for more than a year, buying and selling shares. He described several transactions in January and February, 1934 involving orders for blocks of A. T. and T. and Western Union stock.

Never Visited Offices

Dr. Sellett: During the entire period of these transactions did you ever visit the offices of the American-Oriental Finance Corporation?

Witness replied that he did not. Dr. Sellett: Did you visit those offices at all before the A.-O.F.C. closed down on May 23, 1935?

Witness: No. Dr. Sellett: Were you credited by the A.-O.F.C. from time to time with dividends on the New York stocks which you had purchased?

Witness: Yes, I received credit memos.

Dr. Sellett: Who asked you to telegraph the U.S. \$28,000 to E. A. Pierce and Company?

Witness: The A.-O.F.C. It was to pay for shares and to establish a credit for me with Pierce and Company. But all my dealings were through the A.-O.F.C.

Mr. Basset then told the Court of another telegraphic transfer which he had made to Pierce and Company through the Banque Franco-Chinoise, for the sum of U.S. \$10,000. Also in connection with stock purchases through the A.-O.F.C.

Self: When you transferred the \$28,000 to E. A. Pierce and Company—the U.S. \$28,000 U.S. \$10,000—were you owing money to the A.-O.F.C.?

Owed Them Nothing

The witness looked momentarily embarrassed and then exclaimed:

"I owed them money? I did I owe them any money? They owed me money! They should owe me money!" Loud laughter from the audience, in which the defendant joined, greeted this reply.

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When the U.S. \$10,000 was telegraphed, witness proceeded, he already had a credit balance with A.-O.F.C. And when the A.-O.F.C. closed down on May 23, 1934 the A.-O.F.C. should have been holding for him, according to the statements which they rendered, 400 shares of A. T. and T. and 100 shares of Western Union stock.

Dr. Sellett then questioned the witness as to the ownership of the first draft for U.S. \$11,553 which he had handed over to the A.-O.F.C.

"Did you own that draft?" prosecuting counsel queried.

Witness: Yes, I bought the draft at my bank. It was my property. I endorsed it over and delivered it to the A.-O.F.C.

Dr. Sellett: Did the bank debit your account with the draft?

Witness: Yes.

Dr. Sellett: And the A.-O.F.C. credited your account with the amount of the draft?

Witness: Yes.

Dr. Sellett: Was the draft ever returned to you by the A.-O.F.C.?

Witness: No, I never got it back.

Dr. Sellett: The A.-O.F.C. also credited your account with the draft for U.S. \$28,000?

Witness: They did.

Nature Of Transactions
Prosecuting counsel then went on to question Mr. Basset as to what he understood to be the nature of his transactions with the A.-O.F.C.

"I thought," witness declared, "that the A.-O.F.C. were using my money to buy and pay for the stocks which I ordered."

Dr. Sellett: Did you ever authorize the A.-O.F.C. or the defendants to hypothecate the stock which you bought to any third party?

Witness: Certainly not.

Mr. Basset then went on to say that on one occasion he had asked Mr. Aufwerber whether the shares he had bought were under his (Mr. Basset's) cover and in his (Mr. Basset's) name.

"Mr. Aufwerber told me he had inquired at the office and had found that everything was all right."

Dr. Sellett: Did this happen while you were still actively engaged in buying and selling stocks through the A.-O.F.C.?

Witness replied that it did and added that not only were all the shares which he ordered paid for by him in full, but, on May 23, 1935, when the A.-O.F.C. closed down he had a cash credit with the A.-O.F.C. of more than U.S. \$4,000.

Prosecuting counsel then asked the witness whether he had ever authorized the sale of his shares. The answer was in the negative.

"Now, Mr. Basset," Dr. Sellett continued, "when you telegraphed the U.S. \$28,000 to Pierce and Company, would you have done so had you known that the A.-O.F.C. had not used your previous draft to purchase the 100 A. T. and T. shares which you had ordered?"

Would Not Have Paid
Witness replied that he would never have made the remittance had he known such was the case.

Dr. Sellett: Would you have telegraphed that money if you had known that your shares were hypothecated to E. A. Pierce and Company.

Witness answered that he would certainly not have done so. It was his belief that his draft had been used to pay for the 100 A. T. and T. shares which he ordered. He thought that these shares had been paid for in full by the A.-O.F.C.

The statements which they sent him showed that the shares had been paid for in full.

Dr. Sellett: Have you received the 400 shares of A. T. and T. which the A.-O.F.C. stated it held for you?

Witness: No.

Dr. Sellett: Or the 100 shares of Western Union?

Witness answered that he had not received them, but had been under the impression that the A.-O.F.C. was holding them for him in safekeeping.

Mr. Basset was next asked whether he knew Mr. Raven and Mr. Brown, the defendants in the case. He replied that he had known Mr. Raven for years but had only met Mr. Brown once, when the latter became a member of the Shanghai Club.

In reply to Dr. Sellett's final question in the examination-in-chief, Mr. Basset said that he had no other transactions with the A.-O.F.C. beyond those to which he had testified and that he had ceased dealing with the A.-O.F.C. some time before that institution closed down — probably three months or more before.

Cross-Examination
Mr. C. S. Franklin, counsel for Mr. J. Warner Brown, then rose to cross-examine the witness and the crowded court-room leaned forward to catch more clearly the line of defence which it was expected the questioning would disclose.

Counsel commenced by asking Mr. Basset whether all his transactions with the A.-O.F.C. had been effected through the salesman referred to, Mr. Aufwerber. Mr. Basset replied that they had.

Mr. Franklin: Were all your transactions on a telegraphic transfer basis?

Witness: Yes.

Mr. Franklin: Did you ever suggest to Mr. Aufwerber that your shares be placed in safekeeping with the New York correspondent of the Banque Franco-Chinoise, that is, with the Irving Trust Company?

Was A City Father

Witness: No, I never made such a suggestion. I thought the A.-O.F.C. was good enough. Mr. Raven was very well-known here. He was a City Father. The A.-O.F.C. was a flourishing concern (this with a suggestion of sarcasm) and I thought I would like to help it along with some business.

Loud laughter from the audience greeted this reply and when it subsided Mr. Franklin resumed his cross-examination.

"Did you have confidence in the A.-O.F.C. and Mr. Raven when you started doing business with them?" counsel asked.

Witness: Yes, I did have confidence or I would not have given them my business.

Mr. Franklin then asked the witness whether he had such confidence when the A.-O.F.C. closed down, but Mr. Basset said he refused to answer that question.

The next question to witness was inquiry as to what he understood by the words "held for your account," which appeared in the statements sent him by the A.-O.F.C.

Witness: I understood that they meant that the A.-O.F.C. owed me the stated number of shares.

Mr. Franklin: It was your understanding that you had an

"account" with the A.-O.F.C.?

Witness (emphatically): No, I had no account, but a credit.

Mr. Richard T. Evans, counsel for Mr. J. Warner Brown, then plied the witness with questions. All his dealings in New York stocks, witness declared, had been put through the A.-O.F.C. He had never received any money from the A.-O.F.C. nor had he ever asked them to pay him anything from his credit balance.

Mr. Evans: Did you ever ask the A.-O.F.C. for any share certificates?

Witness: No.

Mr. Evans: Did you ever deal in stocks elsewhere—in London or Paris?

Stick To New York

Witness: We are talking about New York and not about London or Paris.

Judge Helmick: He has made a perfectly good legal objection.

Mr. Evans then asked Mr. Basset whether he had expected that the drafts which he had given the A.-O.F.C. would be sent to New York by the A.-O.F.C. and not deposited by the A.-O.F.C. in an account here.

"That is cuisino," witness replied.

"A domestic affair," Mr. Evans elucidated.

The Court then adjourned until 10 a.m. to-day.

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Government Exhibits Reach High Mark In Raven Case

171 Documents Put In By Prosecution By Close Of Session Yesterday; Confirmation Of Basset Trading Given By Accountants

Documentary evidence comprising 171 exhibits had been put into the record at the close of the U. S. Court for China session yesterday in the trial on criminal charges of Mr. F. J. Raven, president, and Mr. J. Warner Brown, vice-president of the defunct American-Oriental Finance Corporation.

These exhibits, confirmed by accountant witnesses, pertained

largely to the dealings by Mr. Lucien C. M. Basset, prominent exchange broker, who is alleged to have lost U. S. \$50,000 in the crash of the "Raven group" in May, 1935.

Mr. G. Choplin, comptroller of the Banque Franco-Chinoise pour le Commerce et l'Industrie, identified records showing the issuance of cheques amounting to \$11,553, \$28,900, and \$10,000 (all in U. S. currency) drawn on Mr. Basset's account between the dates December 16, 1933, and May 31, 1934. The latter two amounts were sent through the Irving Trust Company of New York for the credit of Messrs. E. A. Pierce and Company, and Mr. Basset's name did not appear in the transaction.

Highly detailed evidence continued in the afternoon when Mr. Thomas Waung, chief accountant of the defunct firm, identified these same amounts on the records of the A.-O.F.C., also notifications of dividends which were sent to Mr. Basset and entries in ledgers pertaining to the Basset account.

No objection was made by the defence, represented by Messrs. C. S. Franklin and Richard T. Evans.

On April 30, 1935, witness said, the account of Mr. Basset was credited with 400 shares of American Telephone and Telegraph, 100 shares of Western Union, and \$4,136.75 in cash. Mr. Basset never had a debit balance since December 30, 1933, he said.

Sold After Crash

Referring to an entry on May 27, 1935, three days after the bank closed its doors and in the period before the liquidator took over, it was shown that the shares owned by Mr. Basset had been sold.

Dr. Sellett: Did Mr. Basset give an order to sell these stocks at any time?—I do not think so, but I cannot be sure without examining the records.

Mr. Evans: We assume that no such order existed, but I think this is not the proper witness to confirm the fact.

Dr. Sellett said he would withdraw the question until witness had examined the books. He said he wanted confirmation of Mr. Basset's testimony.

Opening again this morning for a full day's session, the prosecution it is believed will recall Mr. C. C. Curtis, officer of Messrs. A. E. Pierce and Company, and Mr. Aufwerber, the salesman who handled Mr. Basset's business.

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A.-O.F.C. Business Methods Described At Raven Trial

Court Hears How Customer Paid For 30 Shares Of Douglas Aircraft Stock While A.-O.F.C. Bought Them On 25 Per Cent. Margin

Evidence showing how Major Edward P. Howard, Shanghai representative of the Douglas Aircraft Corporation, had placed an order with the American-Oriental Finance Corporation in July, 1934 for 30 shares of Douglas Aircraft stock; how he had paid for the stock with a draft for U.S. \$507.60 drawn on the National City Bank of New York, but never got delivery of the stock; and how the American-Oriental Finance Corporation, in turn, bought the stock from E. A. Pierce and Company, San Francisco, on a 25 per cent. margin, was given yesterday in the United States Court for China before Judge Milton J. Helmick at the resumed hearing of the 16 charges of theft, embezzlement and fraud on which Mr. Frank J. Raven and Mr. J. Warner Brown are standing trial.

The case, still in its initial stages, shows every promise of becoming the most protracted in the Court's history and is likely to stretch out for at least another

10 days or two weeks. With the conclusion of yesterday's session, the prosecution had only called six witnesses, while the number of exhibits had reached an even 50. There are still many witnesses whom the prosecution intends to call.

Major Howard Testifies

Major Edward P. Howard was the first witness called yesterday and his evidence pertained to three of the 16 counts in the indictment. He told the Court that in July, 1934 he gave to the American-Oriental Finance Corporation, through one of its salesmen, a Mr. McTaggart, a verbal order for 30 shares of Douglas Aircraft stock at 16 1/2.

Soon thereafter he received a signature card from the A.-O.F.C. which contained the notation: "Buys Outright." Witness identified the signature on the card as his own. On July 26, he purchased a draft from the Shanghai office of the National City Bank of New York in the sum of U. S. \$507.60 and sent this to the A.-O.F.C. in payment of the shares ordered. This draft was payable to the A.-O.F.C. at the head office of the National City Bank in New York.

Continuing, witness said that he received from the A.-O.F.C. a receipt for the draft and after that an advice from the A.-O.F.C. stating that 30 Douglas Aircraft shares had been purchased for his account. From time to time thereafter, he received statements from the A.-O.F.C. showing that they held these shares for his account.

"For Your Account"

Asked by Dr. George Sellett, prosecuting counsel, what he understood by the words "for your account" witness replied that it was his belief that the A.-O.F.C. were holding for him 30 shares of Douglas Aircraft stock.

Dr. Sellett: Did you ever authorize the A.-O.F.C. or any of its officers or employees to hypothecate this stock to a third party?

Witness: No.

Dr. Sellett: Did you at any time authorize the A.-O.F.C. or the defendants to sell the stock?

Witness: No.

Judge Helmick: Did you ever receive the stock which you ordered?

Witness: No.

In cross-examination by Mr. C. S. Franklin, counsel for Mr. J. Warner Brown, Major Howard said he did not know whether Mr. Brown and Mr. Raven were in Shanghai at the time he made this transaction with the A.-O.F.C. Questioned further, he said this had been his first transaction in New York stocks. He was under the impression that they would be registered in his name since he had paid for them in full, but had never inquired whether this had actually been done.

Annual Company Meetings

In reply to Mr. Richard T. Evans, Mr. Raven's attorney, witness said he was aware that the Douglas Aircraft Corporation held annual meetings.

Mr. Evans: Then did it not surprise you—if you were under the impression that the shares were registered in your name—that you never received notices of these meetings?

Witness: I did not give it a thought.

Formal evidence was then given by Mr. W. R. Marchman and Mr. C. G. Yow, employees of the Shanghai branch of the National City Bank of New York, showing that Major Howard had, on July 26, 1934 purchased at their office a draft for U. S. \$507.60, in favour of the A.-O.F.C. and payable on demand after 30 days at the head office of the bank in New York.

Mr. Marchman testified that the draft had been duly paid, since no notification to the contrary had been received from the head office of the bank.

Former Employee Testifies

The next witness was Mr. Thomas Waung, 35, who told the Court that he had started working for the A.-O.F.C. in 1930. Prior to that he had been with the Amoy branch of the American-Oriental Banking Corporation.

In the Shanghai office of the A.-O.F.C., from 1930 on, he had been engaged in general office and sales work and latterly in the accounting department. The head of the accounting department, when witness entered it, was Mr. H. T. Chang, but the latter soon left and witness took his place, remaining head of the accounting department until the A.-O.F.C. closed in May of last year.

Continuing, witness said he was familiar with the methods of business of the A.-O.F.C., including their dealings with E. A. Pierce and Company, San Francisco.

A Mr. Rosse was one of the officers of the A.-O.F.C. connected with sales work. They were the initials of Mr. Rosse which appeared on Major Howard's purchase order for 30 Douglas Aircraft shares. This order was also initialled by Mr. K. Hartman, the accountant.

How It Was Done

Describing the office routine in handling customers' orders, witness said the first step was to place an order slip in a locked box to which the cable department had the key. At the end of each day, the box was cleared by the cable department and the orders cabled to E. A. Pierce and Company in San Francisco. The names of the A.-O.F.C.'s customers for whom the shares were being bought did not appear in these cables.

Pierce and Company, witness continued sent cabled advice of the execution of orders. These incoming cables also did not contain

the names of the A.-O.F.C.'s customers.

When a cabled advice of orders executed was received from Pierce and Company, the cable department compiled from it a "Business Done Sheet." This was sent in to the accounting department, which in turn sent out notifications to the customers of the A.-O.F.C. advising them that so and so many shares of such and such stock had been purchased for their account.

This procedure, witness went on, was observed in the case of the transaction with Major Howard. The draft which Major Howard used to pay for the shares was deposited by the A.-O.F.C. in a gold dollar account which it had with the American-Oriental Banking Corporation.

Raven, Brown Away

Asked by Dr. Sellett whether Messrs. Raven and Brown were in Shanghai at the time of the transaction with Major Howard, witness replied that both were away. Mr. Raven was in the United States. That was in July, 1934.

Cross-examined by Mr. Franklin, witness said that the A.-O.F.C. bought the 30 Douglas Aircraft shares on July 21, the same day that Major Howard placed the order.

Mr. Franklin: Were those shares in the account of the A.-O.F.C. with Pierce and Company on May 23, 1935, the date when the A.-O.F.C. closed down?

Witness: Yes.

Dr. Sellett: When you say these shares were in the account of the A.-O.F.C. with Pierce and Company, what exactly do you mean by that?

Witness: They were in the margin account which the A.-O.F.C. ran with Pierce and Company.

25 Per Cent. Margin

Dr. Sellett: The margin account was for about 25 per cent., was it not?

Witness: Yes.

Dr. Sellett: In the case of this Howard transaction, then, this means that the A.-O.F.C. did not pay in full for the 30 shares of Douglas Aircraft, but only 25 per cent?

Witness: That is so.

Under further interrogation he went on to indicate that shares for which local customers of the A.-O.F.C. had paid in full went into the margin account with Pierce and Company and that the A.-O.F.C. effected remittances to Pierce and Company by telegraphic transfer only when Pierce and Company sent a call for further margin, that is to say, when the margin fell below 25 per cent.

Mrs. Muriel Aylward Woolly, a British subject formerly in the employ of the A.-O.F.C., was next called to the witness-stand. She said she had been employed by the A.-O.F.C. from July, 1931 until December 31, 1934. Her job was at the information desk and she also had to attend to salesmen's correspondence.

It was in this latter connection,

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witness related, that she had occasion to go over customers' signature cards to see if they were in order.

"Buys Outright"

Handed one of these cards by Dr. Sellett, witness said she recognized Major Howard's signature. The words "buys outright" were in her own hand-writing. She could not say why she had endorsed these words on the card, but it must have been done at the instruction of Mr. Brown or Mr. Rosse, or possibly Mr. Whaler, who was another officer of the A.-O.F.C.

Leon Feingold, 39, Russian, former cashier of the American-Oriental Banking Corporation and now employed by the Liquidator of the Raven concerns, was the next witness.

He told the Court that he had resided in Shanghai for 15 years. He had been cashier of the bank for three years and still held that position when the bank closed on May 23, 1935.

Witness testified that the A.-O.F.C. had a gold dollar current account with the American-Oriental Banking Corporation in which demand drafts on New York were deposited. If the A.-O.F.C. drew against such demand drafts before they were paid, they would be charged 30 days' interest by the bank.

Sent To New York

Examining a deposit book of the A.-O.F.C., witness recalled a deposit in July, 1934 which included Major Howard's draft for U.S. \$507.60. This and similar drafts, witness testified, were forwarded by the bank to the Manufacturers' Trust Company, its correspondent in New York, for collection and credit to the bank's account there.

At this stage the Court adjourned until 2 p.m. to-day.

Make-Up Of Raven Organs Features Testimony

Records Of Companies Reviewed By China Trade
Act Registrar; Pierce Company Official
Tells Of A.-O.F.C. Relationship

A mass of detailed evidence, purporting to show the composition and control of the "Raven Group" in connection with the defendants, Frank Jay Raven and J. Warner Brown, in their trial on 16 different counts for theft, embezzlement and fraud, featured yesterday's session before Judge Milton J. Helmick of the U.S. Court for China. The principal witness was Miss A. Viola Smith, Registrar for the China Trade Act, while Mr. Carleton Coleman Curtis, an official of Messrs. A. E. Pierce and Company, American stock and commodity brokers, told of the re-

lationship existing between his firm and the A.-O.F.C. since 1930.

Producing the articles of incorporation, Miss Smith testified that the A.-O.F.C. came into existence in July, 1926. Mr. F. J. Raven was president and director, and Mr. J. Warner Brown was vice-president and director. The list of shareholders was also produced against the objection of Mr. Richard T. Evans, for the defence, when Dr. George Sellett, prosecuting, said that he proposed to show that Mr. Raven was the controlling shareholder in the Raven Trust Company and that at all times he was the controlling shareholder in the A.-O.F.C.

The records showed that the Raven Trust Company, or F. J. Raven, held 93,940 shares of "A" stock at the time of the last annual report, and that the amount of common "A" stock issued and paid up amounted to \$2,435,800; the "B" stock to \$1,876,340; and preferred stock to \$15,700.

Interests Of Accused

Protests of irrelevancy by defence counsel were again overruled in the matter of records of the Raven Trust Company by means of which Dr. Sellett said he hoped to show the nature and extent to which accused, as officers of the Raven Trust Company, were financially interested in the A.-O.F.C.

While the A.-O.F.C. came into existence in July, 1926, the Raven Trust Company was incorporated under the China Trade Act on December 3, 1926, with F. J. Raven as president, A. H. Driscoll as secretary and treasurer, and with Messrs. C. H. Raven, J. Kleffel, Hugo Sandor and J. F. Price as directors. According to the annual report for March 14, 1934, the directors and officers were the same. Mr. F. J. Raven became the first president of the R.T.C. on March 14, 1927.

Mr. Franklin questioned Miss Smith:

I want to ask if the name of J. Warner Brown appears as the name of a director, officer or shareholder of the Raven Trust Co. since its inception.—I have not searched the records for that point but shall do so if you wish.

Miss Smith later gave the answer "No" to the question.

A.-O.F.C. Account

Mr. Curtis, an official of Messrs. A. E. Pierce and Company, in San Francisco, said that he had handled the account of the A.-O.F.C. for his firm and that it was in the nature of the usual corporation client's relationship.

Objections by defence counsel led to prolonged questioning of witness on documents showing the existence of such relationship between the two parties. The original signature and hypothecation card, allegedly signed by Mr. F. J. Raven, could not be produced inasmuch as the American firm declined to part with it under the circumstances.

Dr. Sellett was upheld by Judge Helmick in his plea that secondary evidence was clearly admissible because the document was without the jurisdiction of the court.

Witness identified Mr. Raven and his handwriting on several documents. He also identified Mr. Brown. He then told of the accounts carried by the A.-O.F.C. which were:—a margin account, a paid-for securities account and a commodities account. Most of the trading, he indicated, had been done on the margin account, whereby 25 per cent. of the value of the stock or securities was allowed. When a customer becomes short in his margin, he is asked to produce more security, he said.

He testified that the paid-for securities account had been opened in 1933 but that comparatively little business had gone through this channel. Paid-for securities, he explained, were required to be put into this account by regulations of the U.S. Stock Exchange without specific request.

Cross-examined, witness said that certain stocks had been put into this account at the specific request of the A.-O.F.C. He said that he had not noticed anything unusual about the A.-O.F.C. account.

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27 JAN. 1936

13016

Raven Trial Opens With Ringing Indictment By Government Prosecutor

Dr. Sellett Says Defendants Conducted Business Of A.-O.F.C. With Reckless And Criminal Disregard Of Interests Of Clients

ASSISTANT DISTRICT ATTORNEY OUTLINES THEFT AND EMBEZZLEMENT CHARGES

A ringing indictment of the manner in which, according to the evidence that the Government proposes to bring forward, the affairs of the defunct American-Oriental Finance Corporation were conducted, was made yesterday in the United States Court for China by Dr. George Sellett, Assistant U.S. District Attorney, in outlining the case for the prosecution at the opening session of the trial of Mr. Frank J. Raven and Mr. J. Warner Brown, President and Vice-President of the Corporation, who are indicted on 16 counts of theft and embezzlement involving approximately

Among the highlights of Dr. Sellett's opening speech to the Court, in which Judge Milton J. Helmick presided, were statements to the effect that the defendants had conducted the business of the A.-O.F.C. with reckless and criminal disregard of the interests of their clients by using monies and shares of stock belonging to the latter to bolster up the A.-O.F.C. and its affiliates (the American-Oriental Banking Corporation, the Raven Trust Company and the Asia Realty Company); that in turn had utilized the A.-O.F.C. to further their own heavy gambling transactions on the New York stock market; that despite the fact that each of the Raven companies was nominally controlled by a separate board of directors, the companies were in fact operated as one and that the dictator of their policies was Mr. Frank J. Raven.

Crowded Courtroom

Dr. Sellett's address to the Court lasted for an hour and a half and was listened to by a crowded courtroom from which all witnesses, both for the Government and the defence, had been excluded by order of the Judge.

Alongside Dr. Sellett sat Mr. Feltham Watson, U.S. District Attorney for China, but he took no part in the proceedings. Mr. Raven was represented by Attorney Richard T. Evans of Tientsin, while Mr. C. S. Franklin, of the local law firm of Franklin and Harrington, appeared for Mr. Brown.

Court proceedings commenced at 10 a.m. but were delayed by a request from Mr. Evans that the Government be required to set forth in the body of the information the exact statutes under which it is proceeding.

"We want this so that the Government shall be bound by what they say," Mr. Evans pleaded, adding that he would not be satisfied with a formal endorsement upon the back of the information.

Government Not Bound

Dr. Sellett said the Government was of the opinion that it was not bound to set out in the information or to endorse thereon the statutes to which the charges referred, and declared that he would not consent to anything which might be interpreted as an amendment of the information. He proposed that the Court adjourn until 2 p.m. so that the necessary

U.S. \$25,000.

authorities might be consulted. In this suggestion Judge Helmick concurred and the Court adjourned.

When the case was resumed at two o'clock, Dr. Sellett said he had consulted the legal authorities and found beyond any reasonable doubt that the Government was not required under any law or rule of procedure to state the statute or statutes under which an indictment is brought or an information filed. Nor was it required that the title of the statute or statutes should be endorsed upon an indictment or information.

The Assistant District Attorney then quoted copious decisions referring to this matter, showing that any reference, in an indictment or information, to the statute on which such indictment or information is based is "immaterial" and does not form a part of the indictment or information. The same applied in the case of an endorsement of the title of the statute.

Cannot Invalidate

He also showed by quotation that misreference to a statute in an indictment or information does not invalidate them, any indictment or information being "good if it charges an offence under any statute."

Mr. Evans then rose to state that the weight of authority was clearly against his motion, but nevertheless, according to rule, the title of the relevant statute must be embodied in an indictment or information if it were necessary in order to make it "clear and certain." And in this case, counsel contended, reference to statute was necessary.

Judge Helmick, however, sustained Dr. Sellett and over-ruled the motion. Exceptions were noted by Mr. Evans and by Mr. Franklin and it was agreed that during the course of the trial any exception noted by counsel for one of the defendants should automatically be considered as noted for the other defendants as well.

Plead Not Guilty

Pleas of "Not Guilty" were then entered by counsel for the defendants and Dr. Sellett rose to address the Court.

After traversing briefly the 16 counts charging theft and embezzlement against the two defendants, Dr. Sellett launched into an outline of the facts which the Government would seek to prove. The evidence, he said, would be voluminous and complicated. For the sake of clarity and logical development it would be divided into five main sections.

The first section would deal with transactions between the A.-O.F.C. and Mr. Lucian Claude Marie Bassett. The second involved transactions between the A.-O.F.C. and Mr. Edward P. Howard. The third involved transactions between the A.-O.F.C. and Mr. Gordon Yates. The fourth hinged on dealings between the A.-O.F.C. and Mr. C. R. Jones. The fifth concerned transactions between the A.-O.F.C. and Mr. Stanley G. Kirkland.

Speaking in measured, incisive tones, the Assistant District Attorney then went on to describe the origin and development of the American-Oriental Finance Corporation. It was started originally, he began, as a holding corporation and in May, 1930, it commenced dealing in New York stocks through the San Francisco office of E. A. Pierce and Company, a New York stock brokerage concern.

Raven Dominating Spirit

"The Government will show," Dr. Sellett continued, "that Mr. Raven, as President, was the moving, dominating spirit in the

A.-O.F.C. throughout its existence. He also dominated three other companies — the Raven Trust Company, the American-Oriental Banking Corporation and the Asia Realty Company.

"Mr. Brown was Vice-President and Manager of the corporation. Now an attempt will doubtless be made by the defence to show that Mr. Raven had only the loosest connection with the detailed transactions of the corporation. The Government, however, will prove that this was not at all the case, that Mr. Raven was, in fact, cognizant of everything of importance concerning the corporation and its transactions."

Dr. Sellett went on to relate that in the year 1929 Mr. Raven visited New York and established relations with E. A. Pierce and Company. As a result of this visit, the A.-O.F.C. became a client of E. A. Pierce and Company in stock transactions. A "margin account" was opened by the A.-O.F.C. with E. A. Pierce and Company.

Mr. Raven returned to Shanghai and the A.-O.F.C. commenced soliciting business in shares among the community of Shanghai. The five persons referred to in the indictment were members of a large body of persons who had share dealings with the A.-O.F.C.

Stocks Hypothecated

"These persons," Dr. Sellett declaimed, "thought that they were buying New York stocks through the A.-O.F.C., but in fact the A.-O.F.C. did not buy and pay for the stocks which these persons thought they were buying. All such stocks were at all times hypothecated to E. A. Pierce and Company as security for the indebtedness of the A.-O.F.C. to that company and notwithstanding the fact that these stocks were bought, or supposedly bought, and paid for, through the A.-O.F.C. by customers of the A.-O.F.C. in Shanghai."

Dealing with Mr. Brown's position with the A.-O.F.C., Dr. Sellett said that he had been manager of the American-Oriental Banking Corporation in Tientsin and was brought to Shanghai in 1930 and made Vice-President of the A.-O.F.C. after a preliminary visit to New York to acquaint himself with the stock and share business conducted by E. A. Pierce and Company.

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5 JAN 1936

Continuing to describe the alleged methods of business of the A.-O.F.C., Dr. Sellett told the Court that in case of non-cash transactions clients of the A.-O.F.C. paid an average margin of 25 per cent. on the shares which they ordered, hypothecating the shares to the A.-O.F.C. as security for the balance. But the A.-O.F.C. never actually bought the shares ordered by clients. What they did was to, in turn, buy on margin from E. A. Pierce and Company and deposit the shares with that company as security for the balance owing.

Cash Customers Also

This same procedure was observed, Dr. Sellett asserted, in the case of cash customers of the A.-O.F.C. The Government proposed to prove this in the case of the transactions between the A.-O.F.C. and Mr. Lucian Claude Marie Bassett, who paid the A.-O.F.C. cash for the purchase of certain shares which were never in fact purchased, although he was led to believe that they had actually been purchased.

"Mr. Bassett at no time became the owner of the American Telephone and Telegraph and Western Union shares which he paid the A.-O.F.C. cash to pur-

chase for him. The A.-O.F.C. took his money and used it to finance their own business," Dr. Sellett declared.

Asserting that the alleged theft of Mr. Bassett's money by the A.-O.F.C. was deliberate, prosecuting counsel went on to state that evidence would be brought to show that the A.-O.F.C. had sent written reports to Mr. Bassett showing, at various times, that he was the owner of the American Telephone and Telegraph and Western Union shares which he had paid for.

Reposed in Margin A/C

"But when the A.-O.F.C. closed its doors on May 24 last year," Dr. Sellett declared, "it was found that these shares reposed in the margin account which the A.-O.F.C. had with E. A. Pierce and Company—and then not all of them. Pierce and Company held only 377 American Telephone and Telegraph shares for the A.-O.F.C. account all told. In other words, it did not hold sufficient to deliver the number supposedly belonging to Mr. Bassett.

"And when the A. O.F.C. closed down, Pierce and Company exercised their unquestionable right by selling out all the stocks held on the A.-O.F.C. margin account to satisfy the indebtedness of the A.-O.F.C.

"If, early in May, Mr. Bassett had asked the A.-O.F.C. for the 400 American Telephone and Telegraph shares which he supposed he owned, and if the A.-O.F.C. had answered truthfully, they would have had to tell him that they did not have that many and that they would have to go out and buy them."

Never Became Owners

Continuing, Dr. Sellett said that the purchasers of shares, Mr. Bassett, Mr. Howard, Mr. Yates and Mr. Jones, had paid for shares of which they never became the owners. In the case of Mr. Bassett a draft had been given the A.-O.F.C. in payment, and it had been cashed by the A.-O.F.C. It was the Government's contention that the owner of the draft should have become the owner of the shares, but he never did.

In the case of Mr. Kirkland, counsel for the prosecution continued, the victim was induced to part with shares actually registered in his name, with actual scrip.

"Kirkland owed the A.-O.F.C. not a dime and the latter offered to do him a gratuitous service by placing his stocks with Pierce and Company in New York to facilitate dealings in them. But what happened? These shares were dumped by the A.-O.F.C. into its margin account with Pierce and Company. The A.-O.F.C. thus got an additional \$1,000 for the financing of its own transactions. And when Pierce and Company sold out the A.-O.F.C. margin stocks, Kirkland's went the way of all the rest."

No Isolated Transaction

"This was not just an isolated transaction. It was the rule," Dr. Sellett asserted. "This is the way the A.-O.F.C. did business. Not in one single instance in which persons fully paid for shares, did the A.-O.F.C. make those persons the owners of such shares."

The Government would show, he went on, that the A.-O.F.C. dealt in shares for three full years

before opening a "safe-keeping account" with E. A. Pierce and Company as distinct from the "margin account." Before then, everything was dumped into the margin account. And even when the safe-keeping account had been opened, customers had to exert pressure to get their securities deposited there.

"The A.-O.F.C., of course, had a reason. They wanted to utilize other people's money for their own financial operations. That is why everything went into the margin account. It was with the greatest reluctance that any of the shares of customers of the A.-O.F.C. were deposited in that safe-keeping account."

Heavy Stock Gambling

It was not, however, merely a question of the financial operations of an impersonal corporation. It was a question of the heavy gambling and speculation which the defendants in this case were themselves indulging in New York stocks.

"The Government will bring evidence to show that Mr. Raven was at one time indebted to the A.-O.F.C. in the sum of approximately \$200,000 in connection with share transactions, while the indebtedness of Mr. Brown rose as high as \$60,000.

"Mr. Brown had, however, found it necessary to show that he was not playing fast and loose with the monies of the A.-O.F.C. It was a simple matter of a book entry. He switched the indebtedness to his wife's name, so that Mrs. Brown and not Mr. Brown appeared as the debtor.

"Mr. Raven had a different device. He made convenient use of the Raven Trust Company. He did not deal in any securities in his own name, but through an account with the Raven Trust Company."

Valueless Security

Dr. Sellett then went on to say that the defendants would try to show that they gave the A.-O.F.C. security for their indebtedness. But this security was of no value to anyone now, he declared.

"The point will also be made that we are accusing officers of the A.-O.F.C. of embezzling money and property belonging to clients, whereas it was the A.-O.F.C., a corporation, which conducted the transactions. The test, however, is whether the defendants dealt with this money and property, which belonged to others, as if they, the defendants, were the owners. The Government will call direct, conclusive evidence to show that they did. They dealt likewise with shares committed to their charge.

"The evidence will show," he declared, "that the Raven Trust Company was controlled by Raven, that practically all of the voting stock was owned by Raven. The American-Oriental Finance Corporation voting stock was practically all owned by the Raven Trust Company, and the American-Oriental Bank and Asia Realty Company voting stock belonged to the Finance Corporation. The evidence will show that these companies in reality were Frank Jay Raven—that Mr. Raven was the dominant figure overshadowing them all.

Conspicuous By Absence

"We do not find his name very often on documents that might incriminate him. His signature, in fact, is conspicuous by its absence. Mr. Brown carried out his orders—carried them out faithfully, but Mr. Brown's story is another case. We will show by at least four important pieces of direct evidence that Raven knew from the very beginning that so-called fully-paid-up shares were being made use of to finance the company's business—that when the Finance Company got possession of shares and scrip that he knew that the common routine procedure was to take it and pledge it to E. A. Pierce and Company.

"In one case, a man with whom they were trying to do business was persuaded to turn over U.S. \$76,000 worth of shares and then they took those shares and dumped them into this margin business. Only through someone on the outside interceding did they take them out and put them into a safe-keeping account. Their position was so bad that they had to do this little by little—they could not finance it all at one time because they would need three-quarters of this amount in cash.

No Question Of Mistakes

"There can be no question of mistakes, of slips and errors. It was on more than one occasion that fully paid securities were being held in this way. No one knew better than he (Mr. Raven) what the requirements were for financing the three companies.

"The companies were all linked together. There was no distinction. If one company had money they transferred it to the others. If a gift of Tls. 135,000 each from three companies to one company which was going into the red would cause the public not to lose confidence, it was done. This was the case in April and May, 1935, when they took shares and securities and disposed of them in an effort to save the bank—a fruitless endeavour.

Alleged Guilty Knowledge

"The actual control was not by a board of directors but by a so-called executive council which sat when the board was not in session. Mr. Raven had guilty knowledge of these things at all times.

"I do not think it is necessary to dwell any longer on the facts of the case—the evidence will necessarily be quite voluminous. I will not be able to call any one witness to tell of all of these transactions which are as involved as the business of the Finance Company. And when I say 'involved' I say so advisedly, for it is very involved. It may be necessary for the Government to call some witnesses and to then recall them several times so that a clear picture may be given."

Judge Helmick ruled that both the prosecution and the defence might call and recall witnesses at will, and by stipulation of both sides it was entered in the record that both defendants were and had always been American citizens. The hearing was then adjourned until 10 a.m. on Monday.

13017

Raven, Brown Motion For A Trial By Jury Denied By U.S. Court For China

Judge Helmick Not Prepared Lightly To Upset The
Established Practice Of The Past 29 Years;
Time Limit Results In Prompt Ruling

DEFENDANTS' COUNSEL URGE EXTENSION OF 700-YEAR-OLD HUMAN RIGHT

Declaring that because of the limitations of time and the necessity for a prompt ruling it was impossible for him to write or even attempt to state a reasoned opinion on the question, and that he was not disposed lightly to upset what had been the established and unquestioned policy for the past 29 years, Judge Milton J. Helmick yesterday afternoon overruled the motion of Mr. Frank J. Raven and Mr. J. Warner Brown, President and Vice-President, respectively, of the defunct American-Oriental Finance Corporation, for a trial by jury on the 16 charges of theft and embezzlement which are due for hearing in the United States Court for China on Friday morning.

This decision followed a lengthy presentation of the pros and cons by Mr. Richard T. Evans, attorney for Mr. Raven, Mr. C. S. Franklin, attorney for Mr. Brown, and Dr. George Sellett, Assistant U. S. District Attorney.

Constitutional Right

The burden of Mr. Evans' argument revolved around the question as to whether the right of an American citizen to a jury trial, as embodied in the Constitution of the United States, could be denied in an extraterritorial jurisdiction where local conditions did not render a trial by jury impracticable.

Citing a well-known case in the United States Court at Yokohama in the year 1880, many years before extraterritoriality was abolished in Japan, Mr. Richards said that in the case in question a trial by jury had been denied to an American citizen charged with murder solely for the reason that there was not a sufficient number of American citizens then resident in that jurisdiction from which a jury could have been drawn.

The situation in Shanghai to-day, counsel went on to contend, was vastly different. What was impossible in Yokohama in 1880 was entirely possible in Shanghai to-day. There were 3,700 American citizens in Shanghai, or whom there were 800 men, between the ages of 21 and 50, eligible as jurors and, if eligible women were added, twice that number.

The panel provided for in the District of Columbia Code, which governed the procedure of the U.S. Court for China, counsel said, was one of 300. It was obvious, therefore, that there was no obstacle in this respect to finding the required number from which to draw eligible jurors in Shanghai.

Cogent Reasons Sought

Continuing, Mr. Evans declared that the Constitution was a part of the law of the United States and that it was applicable outside of the United States, although not as an over-riding law. There was no reason for not applying it here. Whenever a jury was denied, there must be cogent reasons for so doing.

"The question is not one of mere convenience," he went on to say. "There may be technical difficulties, but they are not insuperable. However, the question is one of the rights of the individual, which cannot be denied without due cause. Their right of the individual is the right to be tried by men of his own neighbourhood, who live in his own environment, people who will judge him by the standards of conduct of the people in his own community and not merely according to the law—in a word, the right to trial by a jury of his peers.

"It is not our submission," counsel concluded, "that the defendants in this case must have a jury trial because of their right to a fair trial—that issue is not involved here—but because the case should be dealt with in accordance with stated principles."

Mr. Franklin's View

Mr. C. S. Franklin, who followed, said there was no question but that the Constitution was a part of the law of the United States. That being so, it must be applied within the jurisdiction of the U.S. Court for China unless there was a law preventing its application or local conditions rendered its application impracticable.

"The constitutional provision for jury trials was inapplicable in Yokohama in 1880," counsel said, "solely because there were too few Americans there in those early days, the number then being exceedingly small. It is an inescapable conclusion that this was the reason. If this same reason could be applied to Shanghai, it would be inapplicable here, too. But, as Mr. Evans has shown, such is not the case."

Replying to counsel for the defendants, Dr. George Sellett told the Court that their arguments amounted to this, namely, that since there had been a growth of the American population in Shanghai since 1880, trial by jury had become necessary, notwithstanding the fact that the law on the subject had not changed.

The Act Of 1906
"By the Act of Congress in 1906 which established this Court," the Assistant District Attorney declared, "a provision was made for a better system of administration of justice in this jurisdiction than that which had existed previously. The Legislature supplanted the old system of Consular Courts, in which Consuls tried cases with one or more associates, with an appeal to the Minister, knowing full well that up till then there had been no such thing as trial by jury. Yet in the Act of 1906 by which this Court was established no provision was made for trial by jury. It seems clear, therefore, that the Legislature contemplated no such thing."

On the subject of the practicability of trial by jury, Dr. Sellett said it might be possible to find 12 qualified jurors in Shanghai, but it was necessary to consider the jurisdiction of the U. S. Court for China as a whole. "Could 12 jurors be found in such places as Amoy, Foochow or Yunnanfu?" counsel queried. On the question of practicability, therefore, the facts were entirely against the defendants. The law on the subject,

on the other hand, was well settled and established.

700-Year-Old Right

Mr. Evans, in rejoinder, said he was fully sensible of the difficulties in the way of jury trials which Dr. Sellett had suggested. But these were matters of detail and the question at issue was far more fundamental than that. Trial by jury had been regarded as a right of man for some 700 years. It was not something of no consequence which could be lightly swept away. The defendants should not be denied this right otherwise than if the Court found itself prohibited by law from granting it.

Adding to these remarks, Mr. C. S. Franklin asserted that the Constitution followed the flag of the United States even into extraterritorial jurisdictions where it was locally applicable. It was entirely possible to get a jury in Shanghai and therefore the Constitution, a part of the general law of the United States, should be applied here.

Judge Helmick's Decision

In rendering his decision, Judge Helmick said: "Because of the limitations of time and the necessity for a prompt ruling on this motion, it is, of course, impossible to write, or even attempt to state, a reasoned opinion on this question. If I had been the first judge of the United States Court for China, and this argument had been presented 29 years ago, there would be no limit of time preventing me. But, after 29 years of settled policy, I do not feel that I should make any ruling lightly, in off-hand fashion, which would upset that settled policy.

"If we have been mistaken all these years, I think correction should come from our Courts. It seems to me that there are plenty of precedents in this Court which support the propositions advanced by the Government. Any judge, I think, would prefer to divide responsibility with a jury in a criminal case, but that is not of persuasive force in passing on this question, which is one purely of law.

"I am sure that although I agree to a great extent with the views of the Government, no extemporaneous expression will contribute anything to the law on the subject or be of much importance. There has been an established and unquestioned policy which is not likely to be departed from. I shall therefore over-rule the motion, noting the exceptions of counsel for the defendants."

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19273

Jury Trial Asked In A.-O.F.C. Cases

16 New Counts Filed Against Raven And Brown Today

Shortly after 16 additional counts on criminal charges had been filed against them in the United States Court for China this morning, the Messrs. Frank Jay Raven and John Warner Brown filed a motion for a jury trial.

Their motion, through their attorneys, Mr. Richard T. Evans of Tientsin and the Messrs. Franklin and Harrington of Shanghai, set forth that there are enough Americans here for qualified jurors, that they are innocent of the charges against them, and that they desire a trial by a jury of their peers in accordance with law.

The motion asks that a jury list be made, taken drawn and a jury impaneled.

Affidavit Is Filed

In addition to the motion both Mr. Raven and Mr. Brown, Mr. Brown filed an affidavit for a jury trial.

The move for a jury trial created much interest and speculation in local legal circles. During the approximately 30 years' history of the United States Court for China, there have never been any jury trials. It is believed, however, that there are several cases dating far back, including one when Americans had extraterritoriality in Japan, which provide precedents bearing on the issue. There is also a famous decision of the United States Supreme Court that "the constitution does not follow the flag," which referred specifically to the Philippines but might have bearing here, it was suggested.

Only British Use Juries

No local extraterritorial courts excepting that of Great Britain use the jury system.

The sixteen additional counts, charging embezzlement, fraud and theft, were filed by the United States Government against the Messrs. Raven and Brown as president and vice-president respectively of the defunct American-Oriental Finance Corporation.

Fifteen charges of embezzlement were filed against the Messrs. Raven, Brown and Alfred H. Driscoll, secretary and treasurer of the A.O.F.C., on August 31. Their arrest followed and they were released under bonds of U.S.\$10,000 each for the Messrs. Raven and Brown and U.S.\$5000 for Mr. Driscoll.

Trial Starts Next Friday

Recently, in connection with hearing on postponement of trial for the second time, it was announced that new counts would be filed, but without requiring additional bail. It was also indicated that the trial now scheduled to begin next Friday would be on the new counts with probable eventual non-prossing of the old counts.

The 16 new counts do not include Mr. Driscoll, and consequently a sensational development in the trial appeared foreshadowed.

The new counts were filed by United States District Attorney Feltham Watson and his recently appointed Special Assistant, Dr. George Sellett.

Nature Of Counts

The first of the new counts

Brown on or about December 13, 1933, embezzled a draft for U.S.\$11,553 in favor of Mr. Lucian Claude Marie Bassett which was drawn on the Irving Trust Company, New York City, by the Shanghai office of the Banque Franco-Chinoise pour le Commerce et l'Industrie. The second count charges embezzlement of money from Mr. Bassett in the amount of the draft. The third count charges theft of the draft.

The fourth count charges that the Messrs. Raven and Brown did "feloniously and with intent to defraud one Lucian Claude Marie Bassett falsely pretend and represent to him and cause to be falsely pretended and represent to him that the said American-Oriental Finance Corporation, Federal Inc. U.S.A., had... on or about December 16, 1933, purchased for the said Lucian Claude Marie Bassett 100 shares of stock of the American Telegraph and Telephone Company of the reasonable worth and value of U.S.\$11,553," represented by the aforementioned draft, "whereas in truth and fact that said American-Oriental Finance Corporation, Federal Inc. U.S.A., had not purchased" the aforesaid shares.

More Stock Purchases

The fifth count also charges fraud in the case of Mr. Bassett, and involves the alleged purchase of 500 shares of A. T. & T. and 200 shares of Western Union, and the alleged sale of 200 shares of A. T. & T. and 100 shares of W. U. between December 16, 1933 and May 31, 1934, through E. A. Pierce and Company, New York City, and further, that in consequence of the alleged deals, Mr. Bassett paid to the E. A. Pierce and Company U.S.\$10,000 to establish an additional credit balance with the A.-O.F.C. to be used for buying other stock.

The sixth count charges embezzlement of a draft of U.S.\$507.50 drawn by the Shanghai office of the National City Bank of New York in favor of the A.-O.F.C. for Mr. Edward P. Howard. The seventh count charges embezzlement of money from Mr. Howard in the amount of the draft. The eighth count charges theft of the draft.

Yates Charges

The ninth count charges embezzlement of a check for Shanghai \$1225.97 to the A.-O.F.C. by Mr. Gordon Yates on the Chartered Bank of India, Australia and China. The 10th count charges embezzlement of money from Mr. Yates in the amount of the check. The 11th count charges theft of the check.

The 12th count charges embezzlement of a check for Shanghai \$549.18 to the A.-O.F.C. by Mr. C. R. Jones on the Hongkong and Shanghai Bank. The 13th count charges embezzlement of money from Mr. Jones in the amount of the check. The 14th count charges theft of the check.

Kirkland Charges

The 15th count charges embezzlement from Mr. Stanley G. Kirkland of 25 Socony-Vacuum shares (each U.S.\$9.87), 25 I. T. and T. shares (each U.S.\$12.75), 25 Packard Motor Car Company shares (each U.S.\$4.25), 15 General Electric shares (each U.S.

\$19.87), 10 Studebaker Corporation shares (each U.S.\$2), and 2 3/8 Radio Corporation of America shares (each U.S.\$7.25), all of which were in the custody of the A.-O.F.C.

The 16th count charges theft of the aforesaid shares.

Hearing In Chambers

In a brief hearing this morning in chambers, Judge Milton J. Helmick allowed amendment of Mr. Raven's petition in bankruptcy to include an additional claim of the Asia Life Insurance Company, Federal Inc. U.S.A., for Shanghai \$11,050.

Hearing on Mr. Raven's petition for discharge of all obligations by his petition in bankruptcy was continued.

MUNIC
B. R
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File
JMG
30 DEC. 1935

19244

S. B. D. 6418

New Actions Are Expected Against Raven

Information Reported
Due For Filing At
U.S. Court

FURTHER DELAYS
NOT ANTICIPATED

Trial Scheduled To
Start Jan. 3 In
Local Court

With the opening of the trial of Messrs. Frank J. Raven, J. Warner Brown and A. H. Criscoll on charges of misappropriation scheduled to commence before Judge Milton J. Helmick in the United States Court for China on January 3. It is reported that additional information against them will probably be filed with the clerk of courts within the next day or two.

This knowledge was obtained by a CHINA PRESS reporter yesterday afternoon from reliable sources. The filing will be done by Dr. George Sellett, especially appointed assistant U.S. District Attorney, more than a month ago to work with the Government in the handling of the case. Dr. Sellett and Mr. Feltham Watson, U. S. District Attorney, have been working hard for the past month preparing this information and it is understood that it is practically ready to be filed.

That such information would be filed was announced on November 29 when the case was set to come up for hearing. A reset was requested at that time on the grounds that more information had been obtained since the arrival of Messrs. Charles Curtis and C. J. Haley from the United States, brought here to appear as witnesses for the prosecution. The reset was granted, and January 3 was the date agreed upon.

It is believed that no further delay will be requested by the prosecution and the Government is prepared to go ahead with its case. This, however, is not certain since THE CHINA PRESS reporter could obtain neither confirmation or denial from the interested authorities. The case was originally scheduled to open on October 29, but was reset to November 29 in order to give Messrs. Curtis and Haley time to arrive from the United States, and reset against for the filing of new information.

In the charges filed last August by Mr. Watson, the three accused are alleged to have disposed of shares and bonds placed in the care of the American-Oriental Finance Corporation, of which they were directors, on 15 different counts.

File MS

Bitter Accusations Made In Asia Electric Litigation

Mr. Truman Johnson Charged With Betraying The Friendship Of The Whittakers In Inducing Them To Buy Shares In The Company

128
B. D. 6748
18 12 35

After a lengthy hearing in the United States Court for China yesterday of the case of Edward G. and Evelyn L. Whittaker against the Asia Electric Company, Fed. Inc., U.S.A., in which the plaintiffs are seeking nullification of a contract for the purchase of \$51,000 worth of shares in the defendant corporation on the ground that they were induced to buy the shares through fraudulent misrepresentation, judgment was reserved and Judge Milton J. Helmick announced that he would file a memorandum thereon within the next day or two.

Yesterday's hearing was noteworthy for the bitter accusations of the plaintiffs against Mr. Truman Johnson, former president of the corporation, and Mr. Feltham Watson, the U.S. District Attorney. Mr. Myron L. Weiner appeared for the Whittakers, while N. F. Allman represented the Asia Electric Company.

Mrs. Whittaker testified at great length concerning the pre-

liminaries which led her husband and herself to purchase and pay cash for \$51,000 worth of shares in the corporation. She said they had been induced to do so by Mr. Truman Johnson, on the strength of statements by the latter to the effect that he himself had made substantial investments in the stock of the corporation.

Discovery In August

It was discovered last August, however, that Mr. Johnson had not paid for his shares, which had been issued to him against promissory notes, a procedure which was clearly irregular under the provisions of the China Trade Act which governs the operations of the corporation.

Mr. Johnson, witness said, had been a close personal friend of herself and her husband. In inducing them to invest in the Asia Electric Company he had fraudulently misrepresented the true position and betrayed their friendship.

When she discovered that Mr. Johnson had bought shares in the corporation against promissory notes, Mrs. Whittaker told the Court, she went to Mr. Feltham Watson, the District Attorney, and asked him to take appropriate action.

"Mr. Watson assured me," she said, "that Mr. Johnson would not leave town. I filed a complaint, and Mr. Watson said he would have it served on Mr. Johnson if the latter tried to leave Shanghai. Mr. Johnson did leave and Mr. Watson took no action whatsoever."

Government Failed Her

"I went to my government for aid," witness declaimed indignantly, "and did not get it. I then engaged a private attorney to protect my interests."

Extensive testimony was given by Mrs. Whittaker and her husband concerning their personal relations with Mr. Johnson, designed to show that personal friendship and the confidence springing therefrom had been the determining factor in inducing the Whittakers to part with \$51,000 for shares in the Asia Electric Company.

Counter-evidence to prove that the Whittakers could have ascertained the true position in regard to Mr. Johnson's shares had they tried to do so and that there had been no attempt to misrepresent the position of the corporation, was given by Captain A. R. St. Louis, the present responsible officer of the Asia Electric Company.

At the conclusion of evidence, Mr. Myron L. Weiner, for the plaintiffs, told the Court that fraudulent misrepresentation had been abundantly proved. When Mr. Johnson told the plaintiffs that he owned 10,000 shares in the Asia Electric Company, he in fact owned only 3,000 since the other 7,000, although registered in his name, were not paid for. At other times, Mr. Johnson had represented himself as the owner of 25,000 and 35,000 shares respectively. In fact, however, these shares were "paid for" with promissory notes which had not yet been met.

Corporation Responsible

There was no responsibility in the plaintiffs, counsel argued, to attempt to verify Mr. Johnson's statements. Mr. Johnson was a responsible officer of the corporation and the corporation was liable for his statements. He therefore asked the Court to order rescission of the contract whereby the Whittakers had purchased \$51,000 worth of shares and refund of the \$51,000 paid for them.

In reply, Mr. Allman pointed out that the balance sheets of the Asia Electric Company, to which Mr. Whittaker had access, showed Mr. Johnson as indebted to the corporation in respect of promissory notes. As one-time secretary of the corporation, Mr. Whittaker was, he contended, in a position to ascertain all the facts.

Because the corporation had lost money and was not to-day in a very healthy position, counsel for the corporation contended, was not a reason for cancelling the sales of shares. The Whittakers would have to take their medicine. Mr. Johnson, it was true, had not paid cash for his shares, as the Whittakers had done, but he was still paying up his instalments, as represented by the promissory notes, when they fell due.

Judgment was then reserved.

File
JHS

13858
S. B. REA

CHINA PRESS, TUESDAY, DECEMBER 17, 1935 S. B. D. 6/118

12
12

**12,000 Checks To
A.O.B.C. Depositors
Mailed Out By Hough**

The first checks for the initial 7½ per cent dividend for depositors and preferred creditors of the American-Oriental Banking Corporation were mailed Saturday morning, Mr. Frank L. Hough, liquidator of the bank, told a CHINA PRESS reporter last night.

Mailings will continue daily, Mr. Hough stated, until the entire dividend has been paid. A second mailing was sent out yesterday. About 600 checks were mailed Saturday and approximately the same number went out yesterday. Approximately 600 more will be sent out today.

Mr. Hough stated about 600 checks were all he could sign in a day without acquiring a severe stroke of writer's cramp. To get that many signed, he said, was quite a task and kept him well occupied.

The 7½ per cent dividend is being paid out of collections amounting to more than \$850,000, this sum having been collected by the liquidator since he took over the affairs of the bank almost seven months ago.

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Please file
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MR. RAVEN ASKS FOR DEBT DISCHARGE

U.S. Court To Consider
Bankrupt's Petition
On December 28

Discharge from all claims for debt against him personally is being sought by Mr. Frank J. Raven, President of the defunct American-Oriental Banking Corporation and affiliates, in a petition which he has submitted to the United States Court for China, hearing on which will take place before Milton J. Helmick on December 28.

Mr. Raven declares in his petition, which was filed on his behalf by Mr. Richard T. Evans, his attorney, that he was adjudged a bankrupt and has now surrendered all his property and property rights to the Trustees appointed in his estate and has fully complied with all the provisions of the Federal Bankruptcy Act of the United States and all orders of the Court relating to his property.

He therefore asks the Court to give him a full discharge from all debts provable against his estate under the Act relating to such debts, and which may be accepted in law as dischargeable.

\$10,000 Legal Fee

Simultaneously, Mr. Richard T. Evans has filed with the Court an affidavit giving details of a \$10,000 claim against Mr. Raven for legal fees, it being stated that Mr. Evans agreed to represent Mr. Raven in all legal proceedings for a single fee of that amount, payable in advance.

This agreement was to be effective for a period of two years from July 27, 1935. No part of the fee, however, has yet been paid, nor has there been any set-off or counter-claim filed.

As security for payment of the fee, the affidavit continues, Mr. Evans was given a second mortgage on the land and home of Mr. Raven at 55 Hungjao Road. The deed of mortgage is now in the hands of Mr. Frank L. Hough, Trustee of Mr. Raven's estate and Liquidator of the Raven concerns.

23 NOV 1935

John

Raven Trial Is Delayed Until Jan. 3

New Evidence Found Is
Basis For Reset
Petition

**EVANS DECLARES
FEE IS UNPAID**

**Sellett Takes Over
Prosecution As
Watson Ill**

With the trial of Messrs. Frank J. Raven, J. Warner Brown and A. H. Driscoll, on charges of swindling, re-set for January 3. Mr. Richard T. Evans, attorney for Mr. Raven, late yesterday afternoon filed an affidavit with the United States Court for China in which he stated that his client owed him \$10,000 for legal services and that his security for such fee, a second mortgage on the Raven estate on Hungjao Road, had been filed with Mr. Frank L. Hough, trustee for the former financier.

Mr. Evans continued that he had agreed to handle the defense of Mr. Raven in the pending case as well as his defense in other actions that might be filed against him for a period of two years, the fee being the specified \$10,000. He added that so far, he has not received any money whatsoever for his services and then concluded his statement by saying that he had placed his second mortgage in the hands of Mr. Hough.

After filing this, Mr. Evans filed a motion asking for the discharge of bankruptcy in the case of his client. In this motion, signed by Mr. Raven, the ex-financier stated that he has surrendered all his property and rights of property, and has fully complied with the regulations of the bankruptcy act and orders of the court touching on bankruptcy. He therefore petitions the court that he may be decreed to have full discharge from all debts provable against his estate.

Watson Springs Surprise

Mr. Felthan Watson, United States District Attorney, who started the action against the three former officials of the American-Oriental Finance Corporation on charges of misappropriating stocks and bonds placed in their hands for safe-keeping, sprang an unexpected surprise yesterday morning when he asked for further postponement of the trial.

An even more startling surprise followed when it was announced that Dr. George Sellett, former District Attorney, and at present attorney for Mr. Frank L. Hough, liquidator of the Raven financial houses, had been appointed special assistant to Mr. Watson for the purpose of prosecuting the cases. It also was revealed that *nolle prosequi* will be entered for pending information and that new information will be filed.

Mr. Watson asked for re-set of the trial on the grounds that his illness had prevented the Government from completing preparations of its case. It was pointed out that Dr. Sellett had started to work on the matter only two weeks ago and had not had time to get everything ready for presentation to the court. Dr. Sellett's appointment was made by the Attorney General of the United States and the attorney took oath of office yesterday.

Petition Text Given

The complete text of Mr. Watson's petition to the court follows:

"That the information in the above-entitled cause under which defendants herein are charged with the commission of certain criminal offenses was filed on the 31st day of August, 1935, at which time the said Felthan Watson believed that one of the defendants was about to leave the jurisdiction of this Court permanently; that although said Felthan Watson had investigated the facts of this case prior to the filing of said information, such investigation was not then complete; that immediately following the filing of said information, the said Felthan Watson was required by other official duties to absent himself from Shanghai for a period of about eight days, and after his return to Shanghai and until about the middle of October, 1935, he continued his inquiry and investigation into the facts of this case and preparation of this case for trial; that commencing on or about the 7th day of October, 1935 and continuing to the present time the said Felthan Watson has been ill and as a consequence of such illness he has been able to devote only very little time and attention to the preparation of this case for trial and during all of the period commencing October 19, 1935 and ending November 18, 1935, he has been confined because of said illness in a hospital and his home and during said period was not able to devote any time or attention to the preparation of this case for trial; that since November 18, 1935, to the present date the said Felthan Watson has been able to attend office and his official duties for only about two hours daily and some further time must yet elapse before he will have recovered sufficiently from his illness to devote substantially his full time and attention to the preparation of this case for trial; that because of the illness of the said Felthan Watson he has for the past ten days been assisted by George Sellett, a member of the Bar of this Court, in preparing this case for trial; that the said George Sellett has today taken the oath required by law to be taken by counsellors at law to assist the said Felthan Watson in the trial of this case and the trial of any other cases based upon any complaints or informations which may hereafter be filed in the United States Court for China against these defendants or any of them; that the said George Sellett is now devoting and for the past ten days has devoted practically all of his time and attention to the preparation of this case for trial; that because of the nature of this case and the involved and complicated facts relating thereto, much work and time has been expended and will still be required in the adequate preparation of this case for trial."

Motion Strongly Opposed

Mr. Watson's motion for re-set was strongly opposed by Mr. Evans and Mr. Cornell S. Franklin, the latter attorney for Messrs. Brown and Driscoll. The former reminded the court that under many codes after indictment, trial must be not later than 60 days. In the present instance, the 15 indictments against the accused were filed on August 31, almost three months ago.

Arguing on behalf of Mr. Watson's petition, Dr. Sellett declared that contrary to belief in some quarters, he had not assisted the District Attorney in filing the charges against the three men. He had been working on the case less than two weeks, he said. He continued that investigations had of a necessity been carried on not only in Shanghai but in New York and San Francisco as well, where the A.O.F.C. maintained offices.

Continuing, Dr. Sellett referred to a telegram he recently sent to Mr. Evans at Tientsin in which he stated that "District Attorney considers pending information defective and will enter *nolle prosequi* and file new information. Because of facts disclosed since arrival of witness from America new information will probably be based upon theory of case differing from previous information in material respects." The telegram added that the defense would no doubt desire a delay in order to deal with the new information.

Evans Admits Telegram

Mr. Evans then admitted that he had received such a telegram, placing it in evidence. After that he proceeded to review the history of the case, emphasizing the re-set from October 29 to November 29. He also pointed out that Mr. Watson should have obtained assistance sooner, adding that of course, Mr. Watson could not be blamed for falling ill. He maintained, however, that due diligence had not been displayed by the Government and declared that the defendants want trial now, not because the Government is not ready but to clear their good names. He continued that they were entitled to a speedy trial, and added that if the Government was not ready there should be a directed verdict in their favor.

Mr. Franklin stated that if there was not sufficient evidence to convince the district attorney on August 31 that the defendants should be arrested, there should certainly be enough now for trial. He also asked Dr. Sellett if the latter had not chosen the 15 counts against the defendant. The latter denied this but added that he had suggested to the district attorney to look for violations of the law in the situation uncovered during the liquidation of the A.O.F.C.

At the conclusion of this verbal battle, Judge Helmick granted the petition for re-set, which was followed by objections by both Attorneys Evans and Franklin. After court adjourned, January 3 was fixed as the date for trial by mutual consent of the attorneys on both sides.

12876

File
MS

OK

Hough Ready To Sign 5,000 A.O.B. Checks

7½ Per Cent Payment
To Be In Mails
Before Xmas

DEFUNCT BANK HAS
\$853,000 IN CASH

Auditors Determining
Amounts Due Each
Depositor

Mr. Frank L. Hough, liquidator of the defunct American-Oriental Bank, is preparing for another leg of writer's cramp with a big check-signing session not far in the offing.

The occasion will be the first dividend payment to depositors and other creditors of the bank, scheduled to be made before Christmas. It will be a 7½ per cent payment and will entail the writing and signing of approximately 5,000 checks, Mr. Hough told a China Press reporter yesterday afternoon.

In the meantime, Mr. Henry DeVault, chartered accountant in charge of the auditing and accountancy work, and his staff are busy preparing statements of the exact amounts each creditor is to receive. Mr. DeVault explained that the job was started sometime ago and that it was something of a large-sized order.

About 4,000 of the checks to be made out and mailed will go to residents of Shanghai, depositors and creditors of the local bank. The remaining 1,000 checks will go to depositors and creditors of the Tientsin bank. It is not yet known when the first checks will be mailed, although it is believed that it will not be until after the middle of December.

Before the checks can be mailed, it will be necessary to obtain a ruling from the United States Court for China in regard to the matter of preferred creditors. The matter will have to be brought before Judge Helmick within the next few days, it was explained.

The American-Oriental Bank has on hand at the present time \$853,000, of which approximately \$650,000 will be paid out in the 7½ per cent payment, the balance being held for reserve.

The Asia Realty Company, Federal Inc., U.S.A., another Raven enterprise, of which Mr. Hough is trustee, moved its offices from its Nanking Road location to 110 Ezechuen Road yesterday.

This move was made for economy's sake and is expected to save the company a good many thousand dollars annually. The move would have been made earlier were it not for the fact that Asia Realty had a lease on the premises, which are part of the Hardoon Estate. Mrs. Eliza Hardoon only recently consented to the breaking of the lease.

File
JKS

Evans, Raven Attorney, Here From Tientsin

Tells Reporter To Watch
For Filing Of New
Documents

THIRD WITNESS
RUMORED IN CITY

Believed To Have Slip-
ped Into Shanghai
Quietly From U.S.

Mr. Richard T. Evans, prominent Tientsin attorney, who will represent Mr. Frank J. Raven when the former Shanghai financier appears before the United States Court for China for trial on a charge of stock swindling, arrived in this city yesterday from the north to make final preparations for the defense of his client.

Interviewed by a CHINA PRESS reporter, Mr. Evans stated that he was all prepared to go ahead with the trial as far as the defense was concerned, and expressed the hope that there might not be any more delays. Asked if he had anything in way of surprises that he intended to spring during the hearings or before, he merely smiled and told the reporter to watch for the filing of new documents.

He continued that he expected to be a rather busy man during his present stay in Shanghai, having several minor business matters to attend to besides the defending of Mr. Raven, who together with Messrs. J. Warner Brown and A. H. Driscoll, are to face trial on 15 counts of disposing of stocks and bonds alleged to have been placed in their hands for safe-keeping.

Mr. Feltham Watson, U.S. District Attorney, in charge of the prosecution, stated that he was going ahead with final preparations for the trial. He was in his office all yesterday afternoon, marking the first time in five weeks that he has been able to spend an afternoon at his desk since his recent illness.

In the meantime, secrecy shrouds most of the movements of the principals connected with the case. Little has been seen of Messrs. C. J. Haley and Charles Curtis, San Francisco stock brokers, brought here for the purpose of appearing as witnesses for the prosecution.

It was originally stated that four witnesses would possibly be brought to Shanghai from the United States, and a CHINA PRESS reporter was told last night that at least one more witness had arrived. This report, however, could not be confirmed.

File
MG

27 NOV. 1935

12500

6748

A.-O.B.C. Criminal Cases Postponed

Dr. Sellett Takes Over From Watson, Trial Set For Jan. 3

Trial of the Messrs. Frank Jay Raven, John Warner Brown and Alfred Hamilton Driscoll on criminal charges growing out of the collapse of the American-Oriental Banking Corporation was today postponed until January 3 in the U.S. Court for China.

Announcement was also made that Dr. George Sellett, former United States District Attorney here and attorney for the bank's liquidator, had been appointed Special Assistant to Mr. Felthan Watson, present District Attorney, to prosecute the cases.

New Informations Due

Further announcement was made that nolle prosequi will be entered for pending informations against the defendants, and new informations will be filed.

Postponement of the trial was asked on the grounds that Mr. Watson's illness had prevented the government from completing preparation of its case. Dr. Sellett had started to work on the case less than two weeks ago and had not had time to make ready for presentation in court.

Dr. Sellett Takes Oath

The appointment of Dr. Sellett was by the Attorney-General of the United States and he took oath today.

The postponement was vigorously opposed by Mr. Richard T. Evans, attorney for Mr. Raven, and Mr. C. S. Franklin, attorney for the Messrs. Brown and Driscoll.

Mr. Watson was in court today, but not yet completely recovered from his illness. Argument for postponement was presented by Dr. Sellett.

Text Of Petition

Mr. Watson's petition for postponement submitted the following facts:

"That the information in the above-entitled cause under which defendants herein are charged with the commission of certain criminal offenses was filed on the 31st day of August, 1935, at which time the said FELTHAN WATSON believed that one of the defendants was about to leave the jurisdiction of this Court permanently; that although said FELTHAN WATSON had investigated the facts of this case prior to the filing of said information, such investigation was not then complete; that immediately following the filing of said information, the said FELTHAN WATSON was required by other official duties to absent himself from Shanghai for a period of about eight days, and after his return to Shanghai and until about the middle of October, 1935 he continued his inquiry and investigation into the facts of this case and preparation of this case for trial; that commencing on or about the 7th day of October, 1935 and continuing to the present time the said FELTHAN WATSON has

(Please Turn to Page 8)

been ill and as a consequence of such illness he has been able to devote only very little time and attention to the preparation of this case for trial and during all of the period commencing October 19, 1935 and ending November 18, 1935 he has been confined because of said illness in a hospital and his home and during said period was not able to devote any time or attention to the preparation of this case for trial; that since November 18, 1935, to the present date the said FELTHAN WATSON has been able to attend office and his official duties for only about two hours daily and some further time must yet elapse before he will have recovered sufficiently from his illness to devote substantially his full time and attention to the preparation of this case for trial; that because of the illness of the said FELTHAN WATSON he has for the past ten days been assisted by GEORGE SELLETT, a member of the Bar of this Court, in preparing this case for trial; that the said GEORGE SELLETT has today taken the oath required by law to be taken by counselors at law to assist the said FELTHAN WATSON in the trial of this case and the trial of any other cases based upon any complaints or informations which may hereafter be filed in the United States Court for China against these defendants or any of them; that the said GEORGE SELLETT is now devoting and for the past ten days has devoted practically all of his time and attention to the preparation of this case for trial; that because of the nature of this case and the involved and complicated facts relating thereto, much work and time has been expended and will still be required in the adequate preparation of this case for trial."

Argument On Petition

In argument on behalf of the petition, Dr. Sellett said that contrary to belief in some quarters he had not assisted the District Attorney in filing the 15 charges of embezzlement against three defendants. He had been working on the case only since less than two weeks ago.

He pointed out that investigations had had to be carried on not only in Shanghai, but also in New York and San Francisco where the American correspondent of the A.-O.B.C. maintained offices. He suggested the defendants wanted trial before the government had had time to prepare its case.

Wire To Evans

Dr. Sellett continued that he had recently telegraphed Mr. Evans in Pientsin as follows: "District Attorney considers pending information defective and will enter nolle prosequi and file new information. Because of facts disclosed since arrival of witness from America new information will probably be based upon theory of case differing from previous information in material respects."

The telegram added that the defense would doubtless desire delay in order to deal with the new information.

Former Continuance Opposed

Mr. Evans put Dr. Sellett's telegram into evidence. He then reviewed the history of the case against

all three defendants to date, pointing out that it was set originally for October 29 without the District Attorney giving any indication that his information was not complete. Then, on October 18, continuance of one month was asked and granted over the opposition of the defense, but it was indicated that no further continuance would be granted.

Mr. Evans also pointed out that Mr. Watson could and should have obtained assistance sooner. Mr. Watson, of course, could not be criticized for being sick, but the government could be criticized for not doing anything about it. Due diligence had not been displayed. The defendants want trial now, not because the government is not ready, but to clear their good name.

Deserve Speedy Trial

The defendants, he said, were entitled by law to a speedy trial, and in conclusion he asked two things: that trial on the present information be not postponed; and that if new information is filed, the defendants be allowed to enter their plea immediately, and if the government was not ready to proceed, there should be a directed verdict in their favor.

Mr. Franklin added that if there was sufficient evidence to convince the District Attorney on August 31 that the defendants should be arrested, there surely should be enough now for trial. Mr. Franklin also asked if Dr. Sellett had not chosen the 15 counts against the defendants. Dr. Sellett replied that he had not, but had suggested to the District Attorney to look for violations of the law in the situation uncovered during liquidation of the A.-O.B.C.

Barrier Of Distance

In reply to Mr. Evans and Mr. Franklin, Dr. Sellett said preparations for trial do not have to be completed when information is filed. With regard to diligence, it should be taken into consideration that Washington and Shanghai are seven or eight thousand miles apart.

As early as September 10, Mr.

Watson had told the Attorney-General assistance would be desirable, but it had not then been accorded. Dr. Sellett also pointed out that arrangements had been made not to ask for new bail in the case of the three defendants. The present charges would continue pending until trial on new charges, and so there would be no change with regard to bail.

Lack Of Diligence

Mr. Franklin said that the fact the Attorney-General had not acted promptly on Mr. Watson's request of September 10 showed lack of diligence on the part of the government.

Mr. Evans reminded the court that under many codes, trial must be not later than 60 days after indictment. The defendants in this case had been charged on August 31 and almost three months had already elapsed without trial.

Petition Is Granted

Judge Milton J. Helmick made no comment on the argument, but granted the petition for postponement. There were objection and exception by both Mr. Evans and Mr. Franklin.

After court adjourned, the date of January 3 was fixed by mutual agreement of the attorneys on both sides.

File
JAL
27 NOV 1935
Mr

12574

2 Witnesses Arrive For Raven Trial

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21-11-35

Haley And Curtie Here
From America, Will
Give Testimony

**DEFENDANTS FACE
SEVERAL CHARGES**

Hearings Slated To Open
Before Judge Helmick
On November 29

Mr. C. J. Haley, of the San Francisco Home Owners' Loan Corporation, and Mr. Carl C. Curtie, of E. A. Pierce & Co., New York and San Francisco stock brokers, are two of the men who will be called as witnesses at the coming trial of Messrs. Frank J. Raven, J. Warner Brown and Alfred Hamilton Driscoll, former officials of the now defunct American-Oriental Finance Corporation, set to start before the United States Court for China on Tuesday, November 29.

The two men left San Francisco, according to reports in Pacific Coast newspapers, on the President Coolidge. The Coolidge arrived in Shanghai on Monday of this week, and according to information obtained by a China Press reporter yesterday, the two witnesses were on board.

According to a report appearing in the November 1 issue of the San Francisco Chronicle, the two men were subpoenaed by the United States Court for China, and orders authorizing them to sail from San Francisco came from Mr. Henry H. McPike, United States Attorney from Washington D. C.

Haley A.O.F.C. Employee

Mr. Haley, it was learned here yesterday, was formerly a resident of Shanghai and was at one time, it is said, connected with the A.O.F.C. Mr. Curtie is an official A. E. Pierce & Company representative, a brokerage concern in America that transacted business with the A.O.F.C.

Knowledge that U.S. District Attorney Feltham Watson was bringing witnesses from the United States to testify at the Raven trial first became public about the middle of October when the district attorney made a motion to have the hearing postponed from October 29 until November 29 in order to allow the witnesses time to arrive in Shanghai. It was stated that four or possibly five witnesses were being brought from the United States.

Delay Objection Recalled

The defendants, though their attorney, Mr. Richard T. Evans, and affidavits signed and sworn to by themselves, objected to a delay in the proceedings on the grounds that they were about to become destitute and public charges, and that hence as speedy a trial as possible was desired. Judge Milton J. Helmick ruled that in view of the importance of the trial, and since the witnesses had such a long distance to travel, it was not amiss to re-set the date for a month later.

The three defendants, Messrs. Raven, Brown and Driscoll, are facing trial on 15 charges of having misappropriated stocks and bonds left in the hands of the A.O.F.C. for safe-keeping by customers of the brokerage house. In one instance, the value of the bonds alleged to have been misappropriated is said to aggregate U.S. \$50,000.

File
JMS

JMS

A.-O. LIQUIDATION

Some Comments

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR,—On reading the report issued over the week-end, in re the "Raven Group" I am reminded of the "mountain labouring mightily and bringing forth a mouse", as after six months of labour we are served with a lot of figures as to the sums owing to and owed by several national groups together with a promise of 7½ per cent. "maybe" before Christmas—1935?).

Maybe I am more than ordinarily dense, but "for the life of me" I cannot understand what practical value such figures can possibly have to any one of the creditors. For my part at least, and as one of the largest creditors, I have not a particle of interest in whether the defunct bank owes more to Americans as a group or to Russians or Chinese or "and others" and anyway, why select only three national groups and bunch all the rest together as "other", especially since the others are the largest creditors.

Of what use are such figures to the thousands who have waited six months in the hope of a substantial dividend, many of them, like myself, with the gradually fleeting remembrance of the bank officers' statements, issued immediately after the closure, that the assets were several times greater than the liabilities and that creditors would be repaid every dollar.

It appears to me that such statistics, if not simply politics, are at least a waste of time and money, their preparation evidently required many weeks of work on the part of the staff and auditors for which the latter alone are receiving several thousand dollars a month.

As an example of the futility and unreliability of such statistics, I have only to mention two facts which are known to me personally, in that the case of two of my own deposits, although one is in my name (and would therefore presumably be listed under my nationality) actually the money is held in trust for someone of different nationality. Another of my deposits in the joint names of myself and another party of different nationality represents unequal interests of two parties, of which the record is unknown to the bank and therefore could not be classified correctly as to ownership by nationality. These two examples are of my own personal knowledge, but what of the deposits of many institutions such as schools, hospitals and missions, which although controlled by Americans are solely concerned with, and their funds are contributed largely by, Chinese and other nationalities?

The statement informs us that about \$800,000 has been collected at a cost of \$57,000 which Mr. Hough regards as comparatively favourable percentage of cost of collection, whereas it seems to me that an opinion on this subject can only be formed when the accounts are finally completed. I, for one, would be more interested in learning, and such statistics would appear to be of far more importance and interest to the creditors, as to what proportions of the "assets" were sacrificed and are represented by the \$800,000 odd so far collected, and similar statistics.

AND OTHERS.

Shanghai, Nov. 13.

File
JRS

15 M

A.-O. LIQUIDATION

Another Creditor's View

To the Editor of the
"NORTH-CHINA DAILY NEWS"

Sir.—As a substantial creditor of the American Oriental Finance Corporation it was with interest that I read "AND OTHERS" letter regarding the American Oriental Bank Liquidation.

While much of what he says is obviously true, I can not help thinking he is a little hard on the Liquidator who is faced with a pretty problem in deciding to what extent the pall of secrecy can reasonably be allowed to cloak the political aspects of the failure of the "Raven Group" and his own difficulty in deciding to which particular member of the group such small sums as have apparently been collected can be allocated.

It is obvious that in a group where each member has borrowed from the other the decision as to how the various creditors shall rank presents an opportunity for the exercise of a nice sense of discrimination.

The question so far as I am concerned is to what extent, if any, does the liquidator propose to sacrifice the interests of the creditors of the A.O.F.C. to those of the A. O. Bank.

While one may have every sympathy with the position in which the liquidator finds himself, surely he must admit the time has come when he should come out into the open and show his hand.

It must at least be possible to show on the one hand what claims to date have been registered against each of the member companies and on the other hand what assets have actually been realised. That would anyhow give those who are anxiously waiting for news some idea of the position.

Far be it from me to wish in any way to embarrass the liquidator in his task, but I trust sincerely he will see his way to meet the general desire for information promptly.

"ALSO AND OTHERS."

Shanghai, Nov. 13.

File
JHG

16 NOV 1935

Sh

12373
S. B. D. 674
S. B. D. REGISTER

A.O. Bank To Pay Initial Dividend Of 7½ Per Cent

Liquidator Hough Makes Brief Announcement Of Firm's Status

PAYMENT SLATED BEFORE DEC. 25

Condition Of A.O.F.C., Raven Trust Company Said "Unchanged"

An initial dividend of 7½ per cent will probably be paid the general creditors of the American-Oriental Banking Corporation before Christmas according to a brief statement concerning the present financial status of the concern made by Mr. Frank L. Hough, liquidator of the former Raven financial house, yesterday noon.

The first statement issued by Mr. Hough on the affairs of the bank in several weeks, it was direct and to the point, being chiefly confined to figures. Since June 4, when the liquidator first started pressing debtors for payment, and up to October 31, the sum of \$356,000 had been collected, it was stated.

Of this sum, it was pointed out, about \$780,000 remains for payment to general creditors, which includes the preferred creditors of the concern, who are now being paid off as fast as possible.

\$57,000 Expended

From the total collected, \$57,000, or about seven per cent, has been expended for the cost of liquidation, while \$21,000 has been disbursed to depositors of the bank whose accounts were less than \$50. Expenses of liquidation have thus far been unusually low, it was pointed out, when compared with the fact that the usual bank liquidation expense in the United States ranges from 15 to 20 per cent.

The total liabilities of the bank, the statement brings out, are now about \$8,000,000. This figure includes all deposits, trust, preferred and other items. At this juncture, Mr. Hough takes up the matter of initial payment to general creditors.

"The staff is now working towards paying a 7½ per cent dividend to all general creditors of the bank before Christmas," he says, and then dispenses with the matter altogether, to say a few words about the position of the American-Oriental Finance Corporation and the Raven Trust Company. Again he is brief and directly to the point of his subject.

A.O.F.C. Condition Unchanged

"The American-Oriental Finance Corporation and the Raven Trust Company are in substantially the same condition as they were at the last announcement," he says, and then drops that topic.

The announcement referred to was issued about two months ago and the picture presented was not very bright.

Aside from the fact that a 7½ per cent dividend is not far distant, the most interesting part of the entire statement is some figures showing the relative position of the various nationalities concerned in the A.O.F.C., the A.O.F.C. and the Raven Trust Company. In presenting these figures, Mr. Hough states:

"The attached is a recapitulation of debtors and creditors of the three Raven companies according to nationality showing the net position of each.

The recapitulation shows the net losses or gains of each nationality, including losses or investments in the securities of the American-Oriental Banking Corporation, American-Oriental Finance Corporation and the Raven Trust Company.

Figures Given

"Issued without comment.—(Signed) FRANK L. HOUGH."

These figures follow:

AMERICANS

American Oriental Banking Corporation:
Creditors \$4,314,788.65
Debtors 3,935,326.15
Net due to Americans \$ 379,442.50

American Oriental Finance Corporation:
Debtors \$2,293,824.39
Creditors 951,215.95

Americans owe A. O. F. C. \$1,342,608.44

Raven Trust Company:
Creditors \$2,031,720.29
Debtors 187,829.25
Net due to Americans \$1,843,891.04

CHINESE

American Oriental Banking Corporation:
Debtors \$2,847,371.30
Creditors 1,307,673.30

Chinese owe A.O.F.C. \$1,539,697.91

American Oriental Finance Corporation:
Creditors \$1,007,620.52
Debtors 155,413.40

File
JK
12 NOV 1935
JHG
Df. (Crime)
Information



12354

THE CHINA PRESS, SUNDAY, NOVEMBER 10, 1935

	Creditors	\$1,079,630.94
	Debtors	243,708.00
	Net due to Others ..	\$ 835,922.94
	Raven Trust Company:	
	Creditors	\$ 455,113.95
	Debtors	55,109.67
	Net due to Others ..	\$ 400,004.29
Net due to Chinese	\$ 852,207.12	
Raven Trust Company:		
Creditors	\$ 420,658.42	
Debtors	9,560.34	
Net due to Chinese	\$ 411,098.08	
RUSSIANS		
American Oriental Banking Corporation:		
Debtors	\$ 841,295.28	
Creditors	379,181.32	
Russians owe A.O.B.C.	\$ 462,113.96	
American Oriental Finance Corporation:		
Creditors	\$ 12,936.44	
Debtors	11,436.32	
Net due to Russians	\$ 1,500.12	
Raven Trust Company:		
Creditors	\$ 10,000.00	
Debtors	73.61	
Net due to Russians	\$ 9,926.39	
OTHERS		
American Oriental Banking Corporation:		
Creditors	\$2,893,141.81	
Debtors	562,222.88	
Net due to Others ..	\$2,330,918.93	
American Oriental Finance Corporation:		

(This class includes all nations of political divisions such as English, Irish, Scotch, Hollanders, Belgians, French, Spanish, Canadians, Italians, Japanese, Poles, Portuguese, Indians, Filipinos, Serbians, Persians, Greeks, Latvians, Germans, Chilean, Czechoslovakians, Norwegians, Swedes, Turks, etc.)

RECAPITULATION

Americans:	
Raven Group owes Americans	\$ 880,725.10
Chinese:	
Chinese owe Raven Group	\$ 276,398.71
Russians:	
Russians owe Raven Group	\$ 450,687.45
Others:	
Raven Group owes Others	\$3,566,846.16
LOSSES ON STOCK INVESTMENTS OF RAVEN GROUP	
Americans	\$4,358,045.45
Chinese	274,734.90
Russians	34,519.85
Others	1,328,154.61
TOTAL COMBINED LOSSES OR GAINS ON ACCOUNTS AND STOCK INVESTMENTS	
Raven Group owes Americans	\$5,238,770.55
Chinese owe Raven Group	1,663.81
Russians owe Raven Group	316,167.60
Raven Group owes Others	4,895,000.77

In 1928, 54.1 per cent of all cars financed were new cars. This ratio dropped steadily until 1932, after which there was a constant increase until for the first 11 months of 1934 new motor vehicles were 44.5 per cent of the total.

12360

SHANGHAI
S. L. REGISTER
No. S. B. D. 648
Date 12 11 35

A.-O. BANK

An Appeal

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR.—The liquidators of this bank have moved to warmer quarters for the winter, but so far the real depositors have been greeted with nothing but stony silence.

With winter cold fast approaching, hundreds of depositors must be affected—as only the needy know.

The last public statement revealed that at least 20 per cent. was available for depositors. If this is still so, is it not time that a refund be made before the purchasing power of the dollar, which is falling each day, drops to still lower levels?

Time is money—and time is being ignored, spent or slighted. The depositors are silent because they have no common tongue, and their only bond is their unfortunately misplaced faith.

Let us hope, however, that Mr. Hough has prepared to make the first payment shortly, and let us hope that this letter will give the complicated machinery the necessary impetus.

COLD COMFORT.

Shanghai, Nov. 8.

File
JMB

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12340

SHANGHAI MUNICIPAL POLICE
S. D. REGISTER
No. S. B. D. 6408
Date 15

The Shanghai Evening Post & Mercury, Tuesday, November 5, 1935

Raven Decrees In U.S. Court

Two Honoraria, Interest Ordered Paid; Status In Bankruptcy

Decree handed down today in the United States Court for China ordered Mr. Frank Jay Raven to pay Mr. Frank L. Hough the sums of \$188,811.18 "received without consideration" from the American-Oriental Banking Corporation, with six per cent interest from January 13, 1932; \$188,811.18 "received without consideration" from the Asia Realty Company, with six per cent interest from October 16, 1935.

Mr. Hough is liquidator of the A.-O.B.C., the American-Oriental Finance Corporation and the Raven Trust Company, and trustee of the Asia Realty Company. The two first named sums are honoraria paid to Mr. Raven by the respective companies while the third sum is interest on an honorarium from the A.-O.F.C. which was technically returned after being in his possession for a period.

These three cases are in equity and consequently in a different category from Mr. Raven's other debts.

In an argument in court last week Mr. Raven's attorney, Mr. R. T. Evans, maintained that it was mandatory on the part of the court to stay judgment in these cases in view of Mr. Raven's voluntary petition in bankruptcy.

The court, however, held that a stay of judgment was not mandatory, but discretionary on the basis of whether judgment was dischargeable. This point will be decided subsequently.

*File
JMS*

Allegations Of Fraud Made Against Truman Johnson

Whittakers File Suit In U.S. Court For Recovery Of \$51,000 Paid For Shares In Asia Electric Company Said Sold By Misrepresentation

Allegations of fraudulent misrepresentation, to induce to purchase of shares, are made against the Asia Electric Company, Fed. Inc. U.S.A., and its former President, Mr. Truman Johnson, who departed recently for the United States, in a suit filed against them yesterday in the U.S. Court for China by Attorney Myron L. Wiener on behalf of Edward G. Whittaker and Evelyn Whittaker, who are seeking to recover the sum of \$51,000, representing the purchase price of shares of the

Asia Electric Company acquired by them in 1932.

The complainants state that they are registered in the official records of the Corporation as the joint owners of 5,000 Common "A" shares of the Asia Electric Company, for which they paid \$50,000, while they also appear in the capacity of trustees for Donald L. and Robert E. Whittaker, as the legal owners of 100 Common "A" shares for which the sum of \$1,000 was paid.

They then proceed to declare that "the sale of the said shares from the defendant corporation to the said complainants was induced and consummated through the knowingly fraudulent representations and fraudulent concealment of materials facts and the false statements of the defendants named, combining and confederating together with divers other persons, directors and officers of the defendant corporation, as yet to the complainants unknown, but whose names, when discovered, the complainants pray may be inserted herein as defendants."

What Mr. Johnson Said

In particular, the complainants allege that, to induce them to purchase the shares in question, Mr. Truman Johnson, in April, 1932, "knowingly, falsely, fraudulently, deceitfully and with the intention of misleading the complainants" stated to and assured them that the Asia Electric Company was financially sound, that it was not in debt, and that he, Truman Johnson, was the owner of Sh. \$25,000 worth of shares of the Company for which he had paid cash.

These statements, the complainants claim, induced them to make the first purchase of shares. Following this, between April and December, 1932, it is alleged that Mr. Truman Johnson solicited the complainants to purchase further shares, informing them that the capital so raised would be used for the purchase of raw material for large-scale manufacturing and that he, Mr. Johnson, had himself invested \$35,000 in the Company, which he described as being in a "flourishing condition."

But in August, 1935, the complainants continue, they "discovered the fraud practiced on them" and on November 4 notified the Asia Electric Company that they had rescinded and cancelled the sales of shares, demanding at the same time that the \$51,000 paid for the shares be refunded to them, plus interest at the rate of six per cent. per annum.

Nullification Asked

The Company, however, has refused to comply with this demand and the complainants therefore ask the Court to declare the sales of shares null and void and to order the Asia Electric Company and/or Mr. Truman Johnson to make the refund.

Only recently, the Asia Electric Company was involved in an action brought by Miss A. Viola Smith, Registrar of the China Trade Act, who sought the revocation of the charter of the Company on the ground that it had engaged in irregular share transactions by selling its stock against promissory notes to Mr. Truman Johnson and other officers of the Company, by voting this stock at shareholders' meetings although it had not been paid for, and by paying stock and cash dividends on it.

Judge Helmick refused to revoke the Company's charter but ordered that the irregular share situation be put in order within 60 days. After this decision had been rendered, Mr. Truman Johnson resigned as President of the Company and departed for the United States with the intention of settling there permanently with his family. His place as responsible officer of the Company was taken by Captain A. R. St. Louis, one of the directors of the concern.

File
JW

12 NOV 1935

12380

SHANGHAI EVENING POST & MERCURY
S. B. D. 6707
No. 13 11 35

Americans Large Raven Creditors

Statistics Are Released By Liquidator Showing National Groupings

Statistics of the defunct Raven enterprises which have been made public by their liquidator, Mr. Frank L. Hough, show that Americans as a group are the largest creditor of the concerns while Russians as a group and Chinese as a group are debtors. Other nationalities taken together as a group are also a creditor.

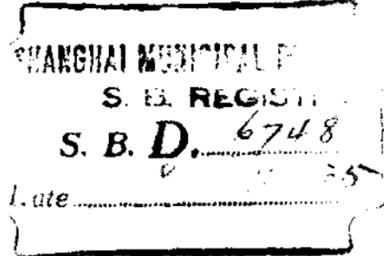
The Raven concerns, American-Oriental Banking Corporation, American-Oriental Finance Corporation, and the Raven Trust Company, owe Americans a total of \$880,725.10.

Chinese, taken as a group, owe the Raven concerns a total of \$276,398.71, while Russians, taken similarly, owe \$450,687.45. All other nationalities, grouped together, have owing to them a total of \$3,566,846.16. This latter grouping includes British, Irish, Scots, Hollanders, Belgians, French, Spanish, Canadians, Italians, Japanese, Poles, Portuguese, Indians, Filipinos, Serbians, Persians, Greeks, Latvians, Germans, Chileans, Czechoslovaks, Norwegians, Swedes, Turks, etc.

Mr. Hough has also announced that the general creditors of the A.-O.B.C. may receive 7½ per cent of their total deposits before Christmas. Another announcement was made that the Asia Realty Company, the still existing Raven concern of which he is trustee, would shortly move from its present location to 110 Szechuen Road.

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**DECREES AGAINST MR. F.
J. RAVEN FILED**

**Order Made for Payment by
Bankrupt of \$390,083.90**

Decrees in connection with the three suits against Mr. Frank J. Raven were signed by Judge Milton J. Helmick late on Monday night in the U.S. Court for China, in accordance with a recent order from the court. In the first suit, instituted by Mr. Frank Hough, liquidator of the American-Oriental Banking Corp., the defendant has been ordered to return and pay to the plaintiff \$188,811.18, "being the amount paid to the defendant by the American-Oriental Banking Corporation and received by him without consideration," together with interest at 6 per cent. per annum from January 13, 1932 until the date of payment, and costs.

In connection with the suit brought by Mr. Hough on behalf of the A.-O.F.C., a plea of payment had been accepted, and Mr. Raven is accordingly ordered to pay the sum of \$12,461.54, together with interest at 6 per cent. per annum from October 16, 1935, until the date of payment, and costs of the suit.

The third decree is similar to the first, Mr. Raven being ordered to pay to Mr. Hough, as trustee of the Asia Realty Co., the sum of \$188,811.18, "being the amount paid to the defendant by the Asia Realty Co. Fed. Inc. U.S.A., and received by him without consideration, together with interest at the rate of 6 per cent. per annum from January 16, 1932, till date of payment, and the costs of the suit.

In accordance with a ruling of the court last week, all other suits brought against Mr. Raven have now been stayed.

*File
JMS*

116

Mr. Raven Denies Having Any Secret Assets

Declares At Meeting Of Creditors Yesterday That Everything Has Been Listed In Filed Bankruptcy Petition; Trustee Appointed

The first public meeting of creditors in connection with the bankruptcy petition filed in the U. S. Court for China by Mr. Frank J. Raven took place yesterday morning, the debtor attending and giving evidence.

Mr. Raven was accompanied by his lawyer, Mr. R. T. Evans, while Dr. George Sellett represented Mr. Frank L. Hough, who, as liquidator of the A.-O. B. C., the A.-O. F. C. and the Raven Trust Company, as well as trustee of the Asia Realty Company, is the principal creditor.

It will be remembered that, in the petition, indebtedness is listed at Shanghai \$680,019.62, U. S. \$178,937.90, and £1,279, while assets available for use are put at Shanghai \$264,000 and U. S. \$1,315. Slight amendments were made yesterday, assets being increased by \$25 in respect of clothes and liabilities increased by U. S. \$638.08 and Shanghai \$300 for small items which Mr. Raven said had been overlooked in his original schedules.

No Secret Assets

The proceedings were opened by a statement by Mr. Raven's attorney (Mr. Evans) who said it was impossible to be ignorant of the fact that there was a great deal of talk in Shanghai to the effect that Mr. Raven had either secreted assets or had put them in the name of his wife or some other person. "I wish emphatically to deny these reports and to state that, so far as is humanly possible, all known assets have been included in the schedules."

Mr. Raven then gave evidence, testifying that to the best of his belief the schedules were complete and that he was willing to execute to the trustee to be appointed such deeds and assignments as might be required.

He said he had no assets other than those listed in his voluntary petition in bankruptcy, that he has no bank account anywhere in the world, that his wife has no property other than possibly U. S. \$2,000 worth of clothing, jewellery and cash, that his three daughters possess no more than U. S. \$1,000 in cash and personal property, and that his son has no more than U. S. \$500 in cash and personal property.

Insurance Policies

In the course of cross-examination by Dr. Sellett, Mr. Raven stated that the beneficiary of two Asia Life Insurance Company policies had been changed a few months ago from the Raven Trust Company to Mrs. Raven. One of the policies is for Shanghai \$10,000 and the other for U. S. \$5,000. Mr. Raven explained that the policies were part of a trust fund being handled by the R.T.C. for his wife, and the change had been made after the failure of his enterprises.

Ownership Of Property

Questioned with regard to listed ownership of his real estate outside the Settlement, he said it had been bought through the A.R.C. with the names of certain Chinese on the title deeds for Chinese registration.

Answering a series of questions on property owned by the members of his immediate family, Mr. Raven said his wife owned no land inside or outside China, that he owned no land in the United States or elsewhere except that listed in the schedules, and his son and three daughters owned no land anywhere. His wife, now living in Heidelberg, Germany, has had to borrow money during the past three months. He then itemized the maximum possible wealth of his wife and children. He also said he had transferred no real estate during the past year.

Loans On Policies

Under additional examination by Mr. Evans, he said the life insurance policies were of little value now because he had borrowed heavily on them. His son has two life insurance policies with Mrs. Raven as beneficiary.

Examination was then adjourned sine die with Dr. Sellett stating that further examination might be desired later.

Dr. Sellett added that he would like to have the court name the trustee for Mr. Raven, and Mr. Jack Y. H. Yuen, appearing for the Underwriters Savings Bank and the Asia Life Insurance Company, agreed.

Judge Milton J. Helmick stated that as Mr. Hough was liquidating the Raven enterprises, it would be best for him to act as trustee. Mr. Hough, who was in court, accepted the appointment.

Legal Point Raised

With the appointment of the trustee, a legal point arose as to the suits pending by Mr. Hough for return of honoraria, totaling \$475,793.84, paid by the R.T.C., A.-O.B.C. and A.-O.F.C. to Mr. Raven. In a previous hearing in court, Mr. Raven waived right to these honoraria and submitted to the judgement of the court.

Mr. Evans contended that in view of the filing of a petition in voluntary bankruptcy and the appointment of a receiver for Mr. Raven's assets, judgment should be stayed, and there can be no further civil action against Mr. Raven except in bankruptcy court.

Judge Helmick said he would like to hear argument on this point, and fixed Friday afternoon as the date for this to be submitted.

12269
REGISTRY
B. D. 6708

File
JAG

LAW SUITS AGAINST MR. RAVEN STAYED

Court Refuses to Hold Up Equity Proceedings

An interesting legal question was involved when Mr. R. T. Evans in the U. S. Court for China yesterday afternoon moved that proceedings against Mr. Frank J. Raven be stayed in view of the fact that he is now a bankrupt. The motion was opposed by Dr. George Sellett.

Giving his decision, Judge Milton J. Helmick said that proceedings in the three equity cases—involving the return of the Tls. 405,000 accepted by Mr. Raven as honoraria from the American-Oriental Banking Corp., the American-Oriental Finance Corp., and the Asia Realty Co.—would not be stayed, as it was questionable whether the obligation of the defendant would be removed by a discharge. The question will be settled at some later stage, and consequently the Court yesterday declined to halt the proceedings for the moment.

With regard to the two other cases, brought by the A.-O. B. C. and the A.-O.F.C., with regard to loans and overdrafts, the court stayed proceedings, as under the law these proceedings were provable and dischargeable. They will now doubtless appear in the bankruptcy proceedings as proved claims.

The academic question involved in the first three cases was whether, in view of a decree by the court that Mr. Raven return the honoraria, they could be treated as simple law-suits, and referred to the receiver, whether they were personal obligations on the part of Mr. Raven when, as in the case of alimony and certain other cases, they are not stayed as a matter of course when bankruptcy proceedings are instituted.

U.S. Witnesses

San Francisco, Oct. 31.

Mr. C. J. Haley, at present employed by the Home Owners Loan Corporation at its San Francisco office, and Mr. Carl C. Curtis, an executive of the E. A. Pierce Co., securities dealers, will sail for Shanghai to-morrow in connection with the litigation arising out of the failure of the American-Oriental Bank and affiliated companies in that city.

Both have been subpoenaed by the United States Court for China to testify against Mr. F. J. Raven, Mr. J. Warner Brown and Mr. A. H. Driscoll, who have been named defendants in cases growing out of the companies' insolvency.—United Press.

SHANGHAI MUNICIPAL COURT

S. B. REGISTRY

S. B. D. 6748.

Date 5 ' 35

File
JMS

11/2/35

THE NEW WORLD, FRIDAY, NOVEMBER, 1, 1935

72304
SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
S. B. D. 6748
2 1 35

Receiver Named For Realty Investment Co.

Mr. Richard T. McDonnell, of McDonnell and Gorman, was appointed receiver for the Realty Investment Company Federal Inc. U.S.A. while the trusteeship of the China Realty Company, Federal Inc. U. S. A. was made permanent, in decisions handed down by the United States Court for China yesterday morning.

Mr. McDonnell's bond was fixed at Shanghai \$50,000. Receivership for the R. I. C. was asked by a group including both creditors and officials of the concern.

Temporary trusteeship for the C.R.C. was asked several weeks ago by the officials of the concern for the purpose of reorganization under Section 77-B of the United States Federal Bankruptcy Act. Mr. Carl F. Wolsiffer, general manager of the company, was named trustee.

After a brief hearing this morning, Judge Milton J. Helmick decided that Mr. Wolsiffer's appointment should be made permanent. It was indicated that the administration of the company's affairs under the trusteeship was being conducted in a wholly satisfactory manner.

Dr. Joseph Fuchs German physician, was given a judgment for \$146 for medical services against Dorothy Oliver.

File
JMG
-2 NOV 1 1935

11242

SHANGHAI MUNICIPAL POLICE
REGISTRY
B. D. 6748
21 10 35

U. S. Court Finds Raven A Bankrupt

Helmick To Act As Referee Until Trustee Is Appointed

FAMILY PICTURES LISTED AS ASSETS

Investigation Of Assets And Liabilities Set For October 29

Mr. Frank Jay Raven, once one of Shanghai's most prominent financiers, head of the now defunct American-Oriental Bank and associated concerns, was yesterday afternoon declared a bankrupt in the United States Court for China after his attorney, Mr. Richard T. Evans, had filed petition for bankruptcy.

Judge Milton J. Helmick announced that he would act as referee in the case pending the appointment of a trustee. A court hearing, at which Mr. Raven's assets and liabilities will be investigated, has been set for Tuesday, October 29.

In his petition to the court, Mr. Raven declared that he was forced to apply for bankruptcy because of debts which he is unable to pay in full. Because of his inability to pay, he stated that he is willing to surrender all his property for benefit of creditors, except such property as is exempt by law.

Mr. Raven listed his assets and liabilities in his petition but these were not made available to the press on the grounds that they might not be correct and that nothing could be released concerning them until the hearing of the case next Tuesday. It is understood that all the property owned by Mr. Raven, including the family pictures and the gardening tools of the estate on Hungjao Road, were placed on the list of assets and given a value.

That Mr. Raven was contemplating such action was made known to the public 10 days ago when the motion for postponement of the trial of Mr. Raven, Mr. J. Warren Brown and Mr. A. Driscoll was made to the court by Mr. Feltham Watson, U.S. District Attorney. Mr. Raven protested any delay in the trial, which was set for October 29, on the grounds that he was filing petition for bankruptcy, and that he was without employment.

The court, however, granted Mr. Watson's motion, the latter stating that witnesses being brought here from the United States could not arrive in time if the case was opened on the day set. Judge Helmick postponed the trial for one month, setting November 29 at the starting date.

File
MR
21 OCT. 1935

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MR. RAVEN DISCLOSES HIS ASSETS, DEBTS

Total Of \$264,000 Is
Shown In Petition
To U.S. Court

Assets listed at Sh. \$264,000 and U.S. \$1,315, exclusive of personal property claimed to be exempt, have been disclosed by Mr. Frank J. Raven, President of the defunct American-Oriental Banking Corporation, in the schedules to his petition in bankruptcy filed on Friday with the United States Court for China.

Against these sums, Mr. Raven lists liabilities totalling Sh. \$680,049.62, U.S. \$178,937.90 and £1,279.

Mr. Raven declares in his petition that he is ready to surrender all his property for the benefit of his creditors, with the exception of that portion which is exempt by law, and that it is his desire to obtain the benefit of the Acts of Congress relating to bankruptcy.

The first meeting of Mr. Raven's creditors has been called for Tuesday, at 10 a.m., in the U. S. Court for China.

Claims by Mr. Frank L. Hough, Liquidator of the Raven enterprises, are disclosed by the schedules as totalling U. S. \$152,618.18, Sh. \$195,435.78 and £1,279. These are secured claims. Mr. Hough's unsecured claims, representing honoraria paid to Mr. Raven by his defunct concerns and to which he has since waived right, amount to Sh. \$475,793.84.

Among secured claims is U. S. \$26,319.72 due to the Asia Life Insurance Company, which holds a mortgage on Mr. Raven's home at 555 Hungjao Road and a further amount of Sh. \$10,000 due to Mr. Richard T. Evans, who is Mr. Raven's attorney and holds a second mortgage on the Hungjao Road estate, the value of which is given as Sh. \$200,000. Other real estate assets are listed at Sh. \$64,000.

12268

Raven Testifies Upon His Assets

Attorney Denies Rumors Any Were Secreted; Hough Trustee

Mr. Frank Jay Raven took the witness stand in the United States Court for China today and testified that he had no assets other than those listed in his voluntary petition in bankruptcy, that he has no bank account anywhere in the world, that his wife has no property other than possibly U.S.\$2000 worth of clothing, jewelry and cash, that his three daughters possess no more than U.S.\$1000 in cash and personal property, and that his son has no more than U.S.\$500 in cash and personal property.

His testimony was given at the first meeting of his creditors in connection with his petition in bankruptcy. Schedules filed with this petition list total debts of Shanghai \$680,019.62, U.S.\$178,937.90 and £1279, while assets, not including personal property claimed to be exempt, are listed at Shanghai \$264,000 and U.S.\$1315.

Property claimed exempt amount to U.S.\$1308.

Statement By Attorney

At the beginning of the hearing, Mr. Raven's attorney, Mr. Richard T. Evans, told the court it had been impossible not to be ignorant of that fact that there was much talk around Shanghai to the effect Mr. Raven has either secreted assets or put them in the name of his wife or some other person. Therefore, he wished to deny emphatically these reports and to state further that so far as humanly possible all known assets had been included in the schedules.

Mr. Raven then took the stand and under Mr. Evans' questioning he said the schedules were complete to the best of his belief, and he was willing to execute to the trustee appointed to take charge of his assets such deeds and assignments as required.

Dr. Sellett Cross Examines

Cross examination was conducted by Dr. George Sellett, representing Mr. Frank L. Hough who as liquidator of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company, and as trustee of the Asia Realty Company, is Mr. Raven's principal creditor.

It was brought out that the beneficiary of two Asia Life Insurance Company policies had been changed a few months ago from the Raven Trust Company to Mrs. Raven. One of the policies is for Shanghai \$10,000 and the other for U.S.\$5000. Mr. Raven explained that the policies were part of a trust fund being handled by the R.T.C. for his wife, and the change had been made after the failure of his enterprises. He did not know whether the beneficiary had been given as the R.T.C. or the R.T.C. as trustee.

Ownership Of Property

Questioned with regard to listed ownership of his real estate outside

the Settlement, he said it had been bought through the A.R.C. with the names of certain Chinese on the title deeds for Chinese registration.

Then came a series of questions on property owned by the members of his immediate family. In reply, he said his wife owned no land inside or outside China, that he owned no land in the United States or elsewhere except that listed in the schedules, and his son and three daughters owned no land anywhere. His wife, now living in Heidelberg, Germany, has had to borrow money during the past three months. He then itemized the maximum possible wealth of his wife and children. He also said he had transferred no real estate during the past year.

Borrowed On Policies

Under additional examination by Mr. Evans, he said the life insurance policies were of little value now because he had borrowed heavily on them. His son has two life insurance policies with Mrs. Faven as beneficiary.

Examination was then adjourned sine die with Dr. Sellett stating that further examination might be desired later.

Dr. Sellett added that he would like to have the court name the trustee for Mr. Raven, and Mr. Jack Y. H. Yuen, appearing for the Underwriters Savings Bank and the Asia Life Insurance Company, agreed.

Mr. Hough Appointed

Judge Milton J. Helmick responded with the statement that since Mr. Hough was liquidating the Raven enterprises, it would be best for him to act as trustee. Mr. Hough, who was in court, accepted the appointment.

Of Mr. Raven's creditors, only Mr. Hough and the U.S.B. and A.L.I.C. were represented in court.

The schedules filed last Friday were amended today to include additional assets of \$25 in clothes, and additional liabilities of U.S.\$638.08 to the U.S.B. and about \$h.\$300 to the Yokohama Nursery Company. Mr. Raven said he had forgotten these items in filing the original schedules.

A Legal Point

With the appointment of the trustee, the legal point arose as to the suits pending by Mr. Hough for return of honoraria, totaling \$475,753.84, paid by the R.T.C., A.-O.B.C. and A.-C.F.C. to Mr. Raven. In a previous hearing in court, Mr. Raven waived right to these honoraria and submitted to the judgment of the court.

Mr. Evans now contends that with the filing of a petition in voluntary bankruptcy and the appointment of a receiver for Mr. Raven's assets, judgment should be stayed, and there can be no further civil action against Mr. Raven except in bankruptcy court.

Judge Helmick said he would like to hear argument on this point, and the time was fixed for Friday afternoon.

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MUNICIPAL POLICE
S. I. REGISTRY
B. D. 674

22
THE CHINA PRESS, SUNDAY, OCTOBER 20, 1935

**Bad Health Forces
A. O. Bank Manager
To Leave Shanghai**

Mr. Julius Kleffel, former vice-president and general manager of the defunct American-Oriental Bank, now in process of liquidation, departed from Shanghai for Dalren yesterday morning on the Hoten Maru. Mrs. Kleffel was at the boat with him but did not sail.

It is understood that Mr. Kleffel is making the trip for the sake of his health, and it is reported that he will be back in Shanghai as soon as he has sufficiently recovered from the heavy strain under which he has been laboring during the past several months.

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Noted

J. B. 22/10

RECEIVER WANTED FOR REALTY INVESTMENT COMPANY

Petition Filed in U.S. Court: Restraining Order Issued to Land Office

Following the filing of a petition for the appointment of a receiver and a writ of injunction restraining the officials and employees of the Realty Investment Co. Federal, Inc. U.S.A. from doing anything to the property or income of the firm, Judge Milton J. Helmick, in the U.S. Court for China, yesterday, issued a restraining order to Mr. C. D. Meinhardt, Consul in charge of the Land Office of the American Consulate-General, from recording or acknowledging any transfers of the property of the concern until the further orders of the Court.

The petition was presented by Mr. N. F. Allman on behalf of eleven stockholders who hold a substantial part of the voting stock of the firm, and two creditors whose joint claims amount to \$74,774. It was stated that the firm had not on hand sufficient money to meet its obligations now due, and that, unless the Court intervened, the properties of the firm would be dissipated and sacrificed, and interminable litigation would ensue, to the great and irreparable damage and injury of the complainants and all the other stockholders and creditors of the concern.

The complainants were:—Mr. R. M. Vanderburgh, president, Miss Alice E. Allen, Miss Ethel M. Allen, Mrs. L. S. Hoi, Mr. C. L. Boynton, Mr. George A. Fitch, Mr. W. A. Main, Mr. A. R. Hager, Mr. G. S. Foster-Kemp, Miss Idabelle Louis Main, Mr. Fred Kempton, manager and secretary, stockholders; the Methodist Episcopal Mission, an American eleemosynary corporation, to which the firm is indebted in the sum of \$56,000; and Mr. Walter Hiltner, to whom the firm is indebted to the amount of \$18,774.

Short of Money

The following points were outlined in the petition:—

Capitalized at \$4,000,000, the firm has now a total of \$1,843,720 common and \$533,340 preferred shares fully paid up and outstanding, and further has an authorized debenture issue of \$3,000,000, of which the sum of \$500,000 is outstanding and is fully paid up. Although its property and assets, at a fair valuation, exceed its liabilities, including at least a part of its capital stock, the firm has not on hand sufficient money to meet its obligations now due, and will not have sufficient money on hand, nor be able to obtain sufficient money, to enable it to meet its immediately maturing obligations.

The complainants believe that, under the intervention of the Court, and the granting of equitable relief, including the appointment of a receiver, the business of the concern can be conducted by the receiver and ultimately liquidated, so that in a reasonable period of time the just claims and demands of all creditors may be fully met and the value of the stock preserved and protected for the benefit of the stockholders, but unless the Court, in view of the present inability of the firm to meet its debts and maturing obligations, will deal with the properties of the firm as a trust fund, for the payment of its creditors as their interest therein shall appear, the properties will be dissipated.

Business Depression

For several years past, Shanghai has suffered a business depression which has seriously affected real estate values, and, as a result, the firm has been unable in many instances to collect outstanding accounts, and in other instances has been unable to realize on securities held as collateral. The temporary continuation of the business of the firm under the direction of the Court is essential, in order that the assets of the firm may be sold to the best advantage, or that it may be given an opportunity to obtain the required capital. The firm has not sufficient funds to enable the business to be conducted, unless a receiver is appointed who can borrow the necessary funds for that purpose, pursuant to the approval of the Court.

The Judge's Order

The following order was issued by Judge Helmick:—

"The complainants having filed their bill for appointment of a receiver, and their motion to enjoin and restrain C. D. Meinhardt from recording or acknowledging any transfers of U.S. Consular Lots Nos. 1833, 2991, 3345, 2702, 1866, and 3660, or other property of the defendant company, and it appearing from said affidavit that irreparable loss or damage would result to the complainants unless a temporary restraining order is granted, it is on said motion of the complainants ordered that, until the hearing of said bill in equity, or until the further orders of this Court, the said C.D. Meinhardt, his agents, servants, attorneys, and privies, and/or successors in office, be and they hereby are restrained from recording or acknowledging any transfers of the aforesaid U.S. Consular Lots, or other property of the defendant company, or from taking any steps in the matter of such recording or acknowledgment of transfers in connection therewith, or from making any record or entries of record in respect thereto.

"That a copy of this restraining order be attached to the subpoena herein and be served therewith."

File
JMS

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U.S. Court Postpones Raven Trial To November 29

Vigorous Legal Argument At Hearing Yesterday As Defence Attorneys Oppose Further Delay In Case; Affidavits By Three Defendants

A postponement of the trial of Mr. Frank J. Raven, Mr. J. Warner Brown and Mr. Alfred H. Driscoll on charges of embezzlement arising from the alleged conversion of securities committed for safekeeping to the American-Oriental Banking Corporation, now in process of liquidation was granted by Judge Milton J. Helmick in the United States Court for China yesterday at the instance of Mr. Feltham Watson, U.S. District Attorney, but in the face of strenuous opposition from the defence attorneys.

At the conclusion of a session which lasted all morning, the Judge ordered that the case, originally scheduled to open on October 29, be re-set for hearing on November 29, or 30 days later.

Mr. Watson's motion, asking for a continuance for at least one month, was filed on Wednesday afternoon. It set forth that the United States Attorney General had asked for this continuance by telegraph on October 15, declaring that it was absolutely necessary in order that the Attorney General might be able to complete arrangements for securing the presence at the trial of certain witnesses now residing in the United States and to obtain certain essential documentary evidence.

All three defendants were present in Court yesterday. Mr. Raven was represented by Mr. Richard T. Evans of Tientsin, while both Mr. C. S. Franklin and Mr. W. B. Harrington, of the local law firm of Franklin and Harrington, appeared for Messrs Brown and Driscoll.

Investigation In U.S.A.

When the proceedings opened at 10 a.m., the District Attorney rose to inform the Court that ever since the filing of the informations against the accused on August 31, investigations, conducted through the Department of Justice, had been proceeding in various cities of the United States and that these had not been completed.

"There has been no negligence in my office," Mr. Watson said. "The Court will realize that there are difficulties in view of the fact that we are 3,000 miles from headquarters. There are four witnesses to be brought here for the Government from the U.S.A., and the Attorney-General advises that they cannot get here by October 29, the date already set for this trial. Hence my motion for a continuance."

Mr. Evans, speaking for the defending attorneys, said that they objected to the motion being dealt with in the form in which it had been filed. Legal practice for the past 200 years, Mr. Evans declared, required that such a motion should be supported by an affidavit showing proper legal cause for a continuance, regardless of whether the continuance was sought by the defence or the Government. Such an affidavit, counsel continued, must be such as to satisfy the Court that the absent witnesses are material witnesses in the case, and that the party making the application for continuance has not been negligent in producing his witnesses in due time. The Court must also be reasonably satisfied that the witnesses sought will be present on the date to which a postponement of the trial is asked.

"Most Casual Manner"

Asking leave to intervene in the discussion, Mr. C. S. Franklin declared that the District Attorney had come into Court in the most casual manner, without any substantial support for his motion. The defendants, he continued, were entitled to an early and speedy trial. Their characters and their whole future were at stake. At present they were living in Shanghai without means and might, if obliged to remain here indefinitely, become a charge upon the American community.

"Suppose that, when the District Attorney is finally forced to trial, it is found that the witnesses in respect to whom this motion was filed are immaterial and the documentary evidence inadmissible?" counsel queried, associating himself with Mr. Evans' demand for a supporting affidavit from the District Attorney.

Judge Helmick: I would be in entire agreement with you in the case of a continuance in the legal and technical sense. But since the Court here, unlike the United States, does not have terms, I am inclined to treat the District Attorney's motion as an application to rest.

Mr. Franklin: What would your Honour consider a continuance in the legal and technical sense in this Court?

Judge Helmick: That is very hard to say, but there is a distinct difference between a continuance and a re-setting and I feel that there is no such thing as a continuance within this jurisdiction. Therefore, I am inclined to treat this as an application to re-set and to give the Attorney-General the additional time asked for. I don't like to do it, but I think it is necessary."

Motion Not Verified

It then transpired that the District Attorney's motion had not been verified and, at the suggestion of the Judge, he agreed to withdraw it and refile it latter, after verification.

Assuming verification and re-filing, Judge Helmick then said he would treat the motion as an application to re-set, a matter in which the Court was entitled to exercise its discretion.

Mr. Franklin said he wished the Court to note two exceptions, first to the weight attached by the Court to the Attorney General's representation, and secondly to any re-setting as an abuse of the

Court's discretion in view of the lack of any support for the District Attorney's motion. Mr. Evans said he wished to be associated with these two exceptions.

Judge Helmick proceeded to repeat his previously-expressed view of the matter. "I shall treat this as an application to re-set the case. The Court realizes that it must exercise its discretion in a reasonable manner. The defendants are entitled to a speedy trial, but I do not think the application is unreasonable. It comes from the Attorney-General of the United States. He would not wish to harass the defendants or do them an injustice. The Court has to be more indulgent than would be the case if all the Government witnesses resided in Shanghai or in

China. This is an important case and should be thoroughly presented on both sides. The Court should not refuse any reasonable request which will make possible a complete hearing.

Defendants' Affidavits

Asking that the Court exercise its discretion against any postponement of the trial, counsel for the defence presented to the Court affidavits by each of the defendants. The affidavit of Mr. Raven, read out by his attorney, declared that the defendant was not guilty of the charges preferred against him and that he desired a speedy trial; that he was about to file a petition in voluntary bankruptcy and, therefore, considered that such means as he had above the necessity of his subsistence should be kept intact for his creditors; that he was without employment pending these proceedings; that he was 60 years of age and under a great mental strain at the present time.

Mr. Brown's affidavit, read out by Mr. W. B. Harrington, stated that Mr. Brown is now and has at all times been ready to defend himself against the charges brought against him; that he is not guilty on any of the counts alleged; that of his own free will and volition he urged the Court to allow him to return to its jurisdiction from Manila after he had learned of the charge against him; that he is now in Shanghai without remunerative occupation and that to delay or continue the hearing over a matter of 30 days or a longer indefinite period will embarrass him financially and will in all likelihood render him dependant on others.

The affidavit of Mr. Driscoll, also read out by Mr. Harrington, stated that he is now and at all times has been prepared to defend himself against the charges; that he is not guilty on any of the counts; that he has at no time made himself a fugitive from justice, nor encumbered nor interfered with a speedy trial; that he is without means of earning his livelihood in Shanghai and has been without remunerative occupation since August 23; that to wait in Shanghai over an indefinite period of time or for a greater length of time beyond October 29 will render him destitute.

Apparently unmoved by the considerations set forth in these documents, Judge Helmick ordered that the case be re-set for November 29, intimating that no delay beyond that date would be permitted.

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11349

Secrecy Veils Arrival Of Raven Witnesses

6748
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**Names May Be Withheld
Until They Actually
Take The Stand**

**1 OR 5 EXPECTED
FROM AMERICA**

**Evans May File Petition
Of Bankruptcy This
Morning**

Utmost secrecy is being maintained by U. S. District Attorney Feltham Watson regarding the identities of the four or five witnesses who are to be sent to Shanghai to testify at the trial of Messrs. Frank Jay Raven, J. Warner Brown and A. H. Driscoll, former officials of the American-Oriental Finance Corporation. The trial has been reset for November 29.

Questioned yesterday by a CHINA PRESS reporter as to whether or not he had anything to say concerning the identities of the witness, Mr. Watson said that there was nothing he could say, not even if he wanted to.

It was learned later the identities of the witnesses may not be disclosed until they have actually taken the witness stand. No information is to be released concerning the boat they are to arrive on, and it is likely that every effort will be made to keep their names away from the press.

In the meantime, Mr. Richard T. Evans, attorney for Mr. Raven, is busy in connection with the filing of petition of bankruptcy for his client. This petition is expected to be filed this morning, but there is nothing certain about it, and it may be held over until early next week.

It is believed that this petition will not contain a list of the personal assets and indebtedness of Mr. Raven but will merely state that cause exists as to why bankruptcy should be granted, and that the list of financial responsibilities and holdings will be prepared and submitted within a time limit set by the court.

Mr. Raven and his co-defendants charged with misappropriation strenuously objected to Judge Milton J. Helmick's consent to delay their trial another month, both through their attorneys and in signed affidavits presented to the court and which stated that all three were in difficult financial circumstances and that a speedy trial was needed.

The three have been charged on 15 counts of misappropriation of stocks and bonds placed in their custody for safe keeping.

File
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11348

Leaves Town



Mr. Truman Johnson, former president of the Asia Electric Company, and head of the Pacific Banking Corporation, who left Shanghai on the Nagasaki Maru yesterday, en route to his home in California.

Johnson Leaves Shanghai With Nagasaki Maru

Former Asia Electric President Will Not Return To City

Mr. Truman Johnson, whose name figured prominently in the news the past three weeks because of his connection with the court hearings into the affairs of Asia Electric Company, Federal Inc., U.S.A., has departed from Shanghai, it has been learned, and does not plan to return to this city.

He has resigned as president of Asia Electric and departed from this city yesterday. He was also president of the Pacific Banking Corporation. A notice in the window of the latter institution at 210 Szechuen Road, announces that the space is for rent. The bank is moving, a CHINA PRESS reporter was told yesterday, but the informant didn't say where.

Regarding the departure of Mr. Johnson, Captain A. R. St. Louis, managing-director of Asia Electric, stated yesterday that a new president will be elected at the next meeting of the board of directors. At present, Captain St. Louis is in active charge of the organization.

Mr. Johnson was an active force in the founding of the Asia Electric and the Pacific Banking Corporation, the latter being established a year ago. Asia Electric became news when Miss A. Viola Smith, Registrar of the China Trade Act, filed action against the company on the grounds that stock had been sold for promissory notes in direct violation of the Trade Act. She asked revocation of the charter and the appointment of a trustee. Both of these requests were denied by Judge Milton J. Helmick in the United States Court for China be-

fore whom the case was heard. Judge Helmick, however, announced that the court would retain the case and that the defendant company could have 60 days in which to remedy the situation that existed because of the purchase of stock with promissory notes. In this connection, Captain St. Louis stated yesterday that the directors have now passed a resolution in exact accordance with Judge Helmick's resolution, and he expected the trouble would be straightened out in the near future.

Mr. Johnson had planned to leave Shanghai sometime ago but postponed his departure when Miss Smith filed her action. Much of the stock involved in the court affair had been issued to him and his wife. Mr. Johnson was accompanied by his wife and children and are bound for their home in Pasadena, California.

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11323

NO RECEIVER FOR ASIA ELECTRIC

Judgment Given in China Trade Act Case

JUDGE HELMICK FINDS VIOLATION OF LAW

A period of sixty days in which to remedy a stock sale violation was given the Asia Electric Co., Fed. Inc., by Judge Milton J. Helmick in the U.S. Court for China yesterday afternoon. The application by Miss A. Viola Smith, China Trade Act Registrar, for the appointment of a trustee or receiver to investigate the company's affairs was dismissed on the grounds that the U.S. Government was not concerned in the internal financial affairs of the company or with any controversy between shareholders.

Giving judgment, Judge Helmick said that the proceedings were instituted by the China Trade Act Registrar for the revocation of the certificate of incorporation of the defendant company, under the provisions of Section 14 of the Act. It appeared that 4,040 shares of stock were sold during 1932 and 1934, in exchange for promissory notes, none of which had been paid.

It could not be questioned that promissory notes were "personal property," and that stock could be lawfully issued and paid for by promissory notes, but the Act clearly laid down that no stock could be paid for in anything but cash unless a certificate describing the property for which it was sold, and stating the value at which it was to be received, had been filed with the Secretary of Commerce or the Registrar, and providing that either the Secretary or the Registrar certified that the value placed on the property was not more than its fair mortgage value. No such certificate had ever been filed, and the Court found a clear violation of the Act, although the violation in itself was not harmful to the corporation or the stockholders.

The Corporation's Condition

The corporation was not in a prosperous condition, but had disposed of the greater part of its assets to pay creditors, and was now trying to build up a business in a comparatively small way. The remedy appeared to lie in the enforcement of immediate payment for the stock if the purchasers were sufficiently solvent, or in its cancellation if they were not. It was not clear how revocation of the company's charter would especially benefit creditors or other stockholders, and indeed the Directors, who held a majority of the stock, did not desire liquidation or the appointment of a receiver or trustee.

The government's interest was served when the illegal stock transaction was corrected, and any decree of liquidation or receivership would have to be made in a proper suit brought by interested parties.

"The Court will retain jurisdiction of this cause," he concluded, "and allow the defendant sixty days within which to remedy the stock sale violation before making any final order. The restraining order heretofore entered will be vacated."

***The full text of the judgment will appear in the "North-China Herald," on October 23.

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11327

SUBMISSION TO JUDGMENT BY MR. F. J. RAVEN

Strongly Denies Allegation of Any Attempt at Fraud: Voluntary Petition in Bankruptcy

Acting upon the advice of his counsel, Mr. Frank J. Raven submitted to judgment in the U. S. Court for China yesterday, when he appeared in answer to three claims totalling Tls. 405,000 filed against him last July by Mr. Frank L. Hough, liquidator of the American-Oriental Banking Corp. and the American-Oriental Finance Corp., and trustee of the Asia Realty Co. Mr. R. T. Evans, who appeared on Mr. Raven's behalf, stated that his client would file almost immediately a petition for voluntary proceedings in bankruptcy.

A large crowd filled the court-room in the U. S. Consulate-General yesterday morning, and an extra number of chairs had to be put in to accommodate the interested spectators. In accordance with Federal Court procedure, a large American flag hung from a flag-pole near the Bench, Dr. George Sellett, who was counsel for the plaintiff and the defence, represented by Mr. R. T. Evans and Mr. Frank Raven, took their seats.

Upon Judge Milton J. Helmick's enquiring as to whether counsel had any objection to the three cases being tried at the same time, Dr. Sellett said that for the purpose of the morning's hearing, both he and Mr. Evans desired that all three cases be called together.

Allegation of Insolvency

Dealing briefly with the bills of complaint, he said that with regard to the bill of complaint filed by Mr. Hough as liquidator of the A.-O.B.C., it was alleged that in January, 1932, following a resolution of the board of directors, the bank paid to the defendant Tls. 135,000 as a honorarium, and this money was actually paid to him on January 19. It was alleged that the bank was insolvent at the time, although the plaintiff did not consider it necessary to prove this. In the case of the suit by the trustee of the Asia Realty Co., it was alleged that the same sum was paid on or about the same date, and for the same reason, although there was no suggestion that the company was insolvent. The Asia Realty, however, did not owe Mr. Raven any money at the time. With regard to the A.-O.F.C., there was the same allegation as in the case of the A.-O.B.C.

An answer to the bill of complaint of the A.-O.F.C. only had been filed by the defence, setting out that the Tls. 135,000 had been voluntarily returned to them in the Spring of 1933. At the time the complaint was filed, this had not been known. They were now claiming interest, at the rate of 6 per cent. per annum, on this sum from January 19, 1932 to February 25, 1933.

"The defendant in this case denies that the bank and the finance corporation were insolvent, and denies any allegation of fraud," said Mr. Evans. "The plaintiff's counsel has announced that he proposes to offer no evidence in support of the allegation of insolvency. Notwithstanding this, I have come to the conclusion, after a careful examination of the law and the facts, that the burden of proof is on the defendant, even in the absence of fraud or insolvency, to justify the payment to him of the sums referred to in the complaint, and that in order to establish the

correctness of such payments he must prove that the American-Oriental Bank and Asia Realty Co. were respectively indebted to him at the time of the passing of the resolution of January, 1932, and to establish such indebtedness he must prove a contract, express or implied to pay him compensation.

Mr. Evans' Advice

"Inasmuch as the bye-laws of the corporations concerned contain no provision for the remuneration of officers and directors, and as there was no express contract, and as the defendant cannot establish the existence of an implied contract in view of the death of the only independent persons who could now testify to such a contract, namely Messrs. Britton and Fleming, I have advised the defendant to submit to judgment, and he now does so submit.

"I accept full responsibility for this decision, to which I have come after the most painstaking investigation of which I have been capable, and my client in accepting judgment against himself is following my advice. In the case of the American-Oriental Finance Corporation there is a plea of payment and I understand that this is conceded.

"The fact that the amounts received by Mr. Raven in January, 1932, were paid to the Raven Trust Co. to bolster that company is, I am satisfied, irrelevant, and even if the companies concerned had desired to pay the money direct to the Raven Trust Co. it would have been beyond the power of the directors to authorize such a payment."

Allegation of Fraud

Dr. Sellett said that he wished it to be understood that the plaintiff did not waive the allegation of fraud. In the case of the A.-O.B.C., he would have been able to prove that, far from performing services as president without any form of salary, Mr. Raven had been receiving a regular and monthly wage since 1921. With respect to the other two companies, the same would also have been proved, although payments did not begin so far back. He also pointed out that most of the stock of the Raven Trust Co. was held either by the defendant or his family.

Stating that he did not want to enter into an argument, Mr. Evans said that his client wished it to be known that he did not receive any money from the Raven Trust Co., and the money put into it was for the benefit of creditors and preferred stock-holders. A dividend was declared not long afterwards, but Mr. Raven received no part of this.

It was admitted that the defendant had received money from the A.-O.B.C., and for some time from the Asia Realty Co. But Mr. Evans asserted that this was no evidence of fraud, and that his client would strongly fight the criminal charges against him.

His client further wished him to file voluntary proceedings in bankruptcy, and as soon as a date could be fixed by the court, he would do so.

Judge Helmick instructed Dr. Sellett to draw up a decree for the return and restitution of the money, to submit it to Mr. Evans for consideration, and then to bring it before him for signature.

Criminal proceedings against Mr. Raven, instituted by Mr. Feltham Watson, U.S. District Attorney, on charges of fraud will open in the U.S.

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U. S. DISTRICT COURT
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19 OCT. 1935

Frank J. Raven To Appear In U.S. Court Tuesday

Judge Helmick To Hear Three Civil Suits Filed By Liquidator Of American-Oriental Bank For The Recovery Of Tls. 405,000; Crowd Expected

The Courtroom of the United States Court for China is expected to accommodate an unusually large representation of the general public on Tuesday, when Judge Milton J. Helmick mounts the bench to try the first of several civil actions instituted against Mr. Frank J. Raven by Mr. Frank L. Hough, Liquidator of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, the Raven Trust Company, and Trustee of the Asia Realty Company. The amounts involved total Tls. 405,000.

With the arrival in Shanghai of Mr. Richard T. Evans, Mr. Raven's attorney, from Tientsin, the stage has finally been set for the trial of three actions in a series which are likely to be the most sensational in the history of the United States Court for China. Mr. Hough will be represented by Dr. George Sellett.

On October 29, when it is expected that the first civil suits against Mr. Raven will have been disposed of, Mr. Raven is to stand trial on 15 criminal charges of fraud and embezzlement.

In the proceedings which will open at 10 a.m. on Tuesday, Mr. Hough is seeking judgments against Mr. Raven for three sums of Tls. 135,000, voted and paid as honoraria to Mr. Raven in January, 1932, by the American-Oriental Banking Corporation, the American-Oriental Finance Cor-

poration and the Asia Realty Company.

Corporations Insolvent

It is the contention of Mr. Hough that these sums were voted to and received by Mr. Raven at a time when the three corporations were insolvent; that Mr. Raven knew that the corporations were insolvent; and that he wrongfully accepted the honoraria when no monies whatsoever were due to him for services rendered.

In the case of the Tls. 135,000 received by Mr. Raven from the Asia Realty Company, the Liquidator alleges that for a long period of time prior to January, 1932, Mr. Raven was paid a salary by the Company covering all services rendered and that during the whole of the year 1931 this salary amounted to \$2,000 per month. It is not alleged, however, that Mr. Raven received any salary from either the American-Oriental Banking Corporation or the American-Oriental Finance Corporation.

One of the most serious blows ever sustained by American business in Shanghai was delivered when the four Raven corporations closed their doors on May 24 last. The American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company were placed in liquidation, while in the case of the Asia Realty Company Mr. Hough was appointed Trustee to effect a reorganization under the provisions of Section 77-B of the Federal Bankruptcy Act of the United States.

Statements issued from time to time by Mr. Hough, as Liquidator of the first three concerns, have revealed a state of affairs in which book assets have shrunk to amazingly small proportions, indicating tremendous losses to depositors, stockholders and other creditors.

Heavy Losses Indicated

As far as the depositors of the American-Oriental Banking Corporation are concerned, the losses are likely to be exceptionally heavy, notwithstanding a statement by Mr. Raven that there were sufficient assets held by the Bank to pay all depositors in full. This statement was made the day the Bank closed and was accompanied by the remark that Mr. Raven himself had "lost everything" in the crash. Subsequent statements by the Liquidator, however, showed Mr. Raven to be heavily indebted to the Bank for an overdraft and unpaid promissory notes. He was even more heavily indebted to the American-Oriental Finance Corporation.

In respect of all these sums, shown on the books as owing by Mr. Raven, the Liquidator has instituted suits in the United States Court for China. Hearings thereon will take place after disposal of the criminal actions on October 29.

Mr. Alfred H. Driscoll and Mr. J. Warner Brown, President and Secretary-Treasurer, respectively, of the defunct American-Oriental Finance Corporation, are charged

with keeping stock of the company skinned and henceless ready to anchor. The anchor when preparing cocktail trouble and time, and

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Mr. Hough

Hearings In Action To Revoke Asia Electric Charter Ended

Allman Asks Whittaker If He Instigated
U. S. Court Action Brought By Miss
Smith, Trade Act Registrar

After an entire day had been consumed in hearing evidence and lawyer's arguments, hearings in the action asking revocation of charter brought against the Asia Electric Company, Federal Inc., U.S.A. by Miss A. Viola Smith, registrar of the China Trade Act, were brought to a close before Judge Milton J. Helmick in the United States Courts for China yesterday afternoon.

Miss Smith, appearing as her own attorney, closed her arguments yesterday afternoon with the plea that the charter of the defendant concern be revoked, and that if the court did not see fit to grant this request, that a trustee be appointed and that he be bound to report to the court from time to time, the state of affairs that he found within the company. Miss Smith, who was admitted to practice in the American Courts here some time ago, and who was handling her first public case, made an excellent public appearance.

She based her claims on grounds that the company had issued shares, accepting promissory notes in payment, in violation of the provisions of the China Trade Act.

"Crusade" Reference Made

Mr. N. F. Allman, appearing for the defendant, argued that there had been no violation of the China Trade Act, inasmuch as the shares had not been issued, had been sold to employees and were being held in escrow pending receipt of full payment. In opening his argument in answer to Miss Smith's plea, he said something about the China Trade Act registrar being a trifle too hasty and just because a couple of banks had closed up was not sufficient reason for her to embark on a crusade.

Asia Electric had done nothing wrong, he pointed out, by issuing stock in escrow for promissory notes, and produced a number of briefs from similar proceedings elsewhere to prove his point. He further argued that the appointment of a trustee would damage the business to a considerable extent and further claimed that business had already been badly hurt by the filing of Miss Smith's action.

The testimony of Captain A. R. St. Louis, vice-president and manager of Asia Electric; Mr. Truman Johnson, president; Mr. J. A. Verner, salesman handling exports for the company, and Mr. E. G. Whittaker, secretary, who resigned recently, was taken during the afternoon. Miss Smith called Messrs. Verner and Whittaker as witnesses for the plaintiff.

Johnson Testifies

At the proceedings in the morning and early afternoon, testimony had been taken from Messrs. Johnson and St. Louis to the effect that Miss Smith's action had caused considerable financial loss to the company. Miss Smith, not exactly sure that her action has caused such losses as described, intimated that the sale of the factory pre-

mises last July had been responsible for some losses and called Mr. Verner to the stand. The latter said that it had caused him some loss of business but indicated that he desired to continue his contract with the company.

Mr. Whittaker, however, came in for some heavy cross-examination. He had resigned from the company, it was brought out, following the filing of Miss Smith's action, and the letter of resignation he sent the company mentioned that a reason for his leaving the board of directors was because he had not been informed of the sale of shares for promissory notes. The shares in question were produced in court and a few were found to contain Mr. E. G. Whittaker's signature. Questioned by Mr. Allman, the witness admitted that the signature was his, but declared that he didn't know that the stock was being sold for promissory notes. They had just been given him to sign, he pointed out, and were not in the share book.

Whittaker Questioned

Attorney Allman wanted to know if the witness had read the annual company reports distributed to all directors at the annual meetings, said reports, the attorney brought out, having contained mention of the shares sold for promissory notes. Mr. Whittaker didn't know whether he had read these reports or not. Maybe he had. One was shown to him. He admitted having seen it but said it was so long ago that he didn't have time to go through it all.

Mr. Allman then caused a bit of excited silence in the courtroom when he asked Mr. Whittaker whether or not Miss Smith's action was not instigated by him. The witness turned pink and denied that he had instigated the suit.

"Is it not a fact that you ran to Miss Smith and complained about the company?" the attorney wanted to know.

Mr. Whittaker's voice was hardly audible to the press or anyone else very far away from the witness stand. He said something in way of denial but reporters were not able to mark out his exact words.

Denies Wife's Influence

Mr. Allman wanted to know if Mrs. Whittaker had influenced him in complaining about the company. Mr. Whittaker said no.

Mr. Truman Johnson, president of the concern, gave but little testimony in the afternoon, merely stating under examination that heavy losses had been caused by Miss Smith's action and that the appointment of a trustee was not desirable by either directors or stockholders.

Miss Smith wanted to know if he had sounded out any of the stockholders on the question. Mr. Johnson said he hadn't, but reiterated that the question of a trustee had never come before the directors and the directors represented the majority of shareholders.

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SHANGHAI MUNICIPAL POLICE
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S. B. D. (742)

THE CHINA PRESS, FRIDAY, OCTOBER 4, 1935. 10

Hough Burns 2 Million In A. O. Currency

Armed Guard On Hand
As \$1, \$5, \$10 Bills
Go Up In Smoke

BLAZE POPS OFF
BOILER VALVE

"Made An Excellent
"Fire," Liquidator
Declares

Two million dollars worth of banknotes went up in smoke yesterday afternoon and they were not old, worn-out notes at that. In the hands of the wrong people, they would have been worth a considerable pile of money. They were the notes issued by the American-Oriental Bank, and many of them were nice, new and crinkly and had never been used.

Mr. Frank L. Hough, liquidator of the bank and other defunct Raven concerns, has nursed the idea of staging a big bonfire for several days and about 3 o'clock yesterday afternoon, put the idea into effect. The banknotes, all nicely bundled in packages of \$1,000 each and in denominations of \$1, \$5, and \$10 bills, were loaded into a truck owned by the R.C.A.-Victor Company, which Mr. Hough heads here in China, and proceeded under armed guard to the R.C.A. plant in Yangtzepoo.

Armed Guard On Hand

The armed guard was supplied by the Shanghai Municipal Police and according to Mr. Hough it was quite necessary to have it along. Frankly, he stated, he didn't like the idea of having the truck fall victim to a gang of armed robbers. The banknotes, despite their worthlessness inside the vaults of the bank, might have a definite value to the man on the streets provided he could get his hands on them. They could be presented as claims, claims that might have to be recognized.

The incinerator used was one of the factory boilers, and according to Mr. Hough, it was some fire. A good coal blaze was started and the bundles of banknotes were then shoveled into the fire-box. In fact, the boilers got so hot that steam pressure was forced up and blew off a safety valve. The exact amount of thermal units obtained from the two million dollars worth of banknotes was not recorded but it got so hot around the premises that windows had to be opened in the boiler room. Mr. Hough's comment concerning the fire was terse and directly to the point.

"The banknotes of the American-Oriental Banking Corporation made an excellent fire," he said.

Two Hours Required

The blaze was conducted in the presence of Mr. Hough, Mr. Henry DeVault, the auditor for the liquidation, and the armed guard of the Shanghai Municipal Police. The entire process required about two hours.

With the business of signing checks for depositors with accounts under \$50 local currency or the equivalent in foreign currency, still the most important task on the liquidation schedule at present, the business of moving the offices of the liquidator from one American-Oriental Bank premises to the Dollar Building on Canton Road has been delayed several days. It is possible that the business of moving may be completed early next week.

Mr. Hough is still busily engaged in signing checks and the staff has not yet completed making them all out. More than 3,000 are to be mailed out, and are leaving the bank in small lots as fast as they are completed and the envelopes addressed. One batch is being mailed today, which another will find its way to the Post Office on Saturday.

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10-4

Case Against Asia Electric Company Postponed Again

China Trade Act Registrar Appears In U.S. Court Unprepared To Prove Charges Of Irregularity In Stock Issues; Asks For Continuance

Lack of preparedness of Miss A. Viola Smith, Registrar of the China Trade Act, led yesterday to a postponement of the proceedings instituted in the United States Court for China against the Asia Electric Company, in which the appointment of a trustee for the Company is sought as a preliminary step to the revocation of the Company's charter for alleged infringement of the China Trade Act.

Miss Smith having stated that she was not ready to go into the merits of the case, Judge Milton J. Helmick intimated that he was not prepared to order the appointment of a trustee for the Company unless there were proof of the allegations embodied in the complaint.

The Registrar's complaint against the Company is to the effect that it issued 41,400 shares of stock to Mr. Truman Johnson, President of the Company, to Mr. Johnson's wife, and to several other persons, against promissory notes which have not been paid;

that these shares were voted at meetings of the Company, although they had not been paid for; and that dividends were paid upon these shares.

Company Not Prejudiced

When the Court went into session before Judge Milton J. Helmick yesterday morning, Mr. N. F. Allman, who appeared for the Asia Electric Company, announced that his clients had filed an answer to the complaint of the Registrar only because they submitted that the filing of this answer did not prejudice the Company's right to file any petitions it might deem necessary.

Miss Smith said that the hearing was called to provide the defendant company an opportunity to show cause why a trustee should not be appointed, and the proceedings should be confined to that aspect of the matter without going into the merits of the case.

Mr. Allman then intimated that he wished to make a demurrer to the complaint on the ground of legal insufficiency. Of the \$41,400 worth of shares involved in the case, \$20,000 worth had already been paid for, he said, thus leaving an unpaid balance on the promissory notes of approximately \$21,400.

Continuing, counsel declared that the China Trade Act provided, in case of shares not sold for cash, only for suits by creditors for the unpaid balance. The United States was clearly not a creditor here, and the complaint was, therefore, bad in substance.

Overruling the demurrer, Judge Helmick said it would be to the best interest of all concerned to have the facts of the case aired.

Miss Smith Not Ready

Miss Smith: I am not ready to go into the merits of the case. I was under the impression that this hearing was merely to enable the defendant company to "show cause." I would, therefore, ask for a postponement for three days.

Mr. Allman: We are prepared to go ahead, but if a postponement is granted, we want a full 20 days, from the date service of the complaint was obtained, in which to file our full answer. The complaint was filed on September 23. We should therefore, be given until October 13.

Judge Helmick (to Miss Smith): Assuming your application for the appointment of a trustee is separated from other parts of the complaint, you should have been prepared to give evidence this morning on the facts alleged. I don't know what on earth you expected to accomplish this morning. Have you no proof whatever to offer in support of your allegations?

Miss Smith repeated that she was not ready to go into the merits of the case, to which Mr. Allman retorted that he either wanted the complaint dismissed or else to be allowed a full 20 days in which to reply, as provided by law.

Denies Any Offence

Miss Smith said he had ample legal authorities to show that it was no offence under the China Trade Act or any other law to issue shares on the instalment plan, especially where such shares were issued to employees. Almost every corporation follows this practice, Mr. Allman asserted.

Continuing, counsel declared that even if it were held to be irregular to issue shares for other than a cash consideration, the complaint in this case must fail, because the shares had not been actually issued. They were being held by the Company in escrow against full payment.

Judge Helmick asked Mr. Allman if he could have his full reply to the complaint filed by October 10, so that hearing might take place on October 13. Mr. Allman undertook to do this, and the case was ordered continued to October 13.

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Case Against Asia Electric Company Postponed Again

China Trade Act Registrar Appears In U.S. Court Unprepared To Prove Charges Of Irregularity In Stock Issues; Asks For Continuance

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D.C. (RINE)

September 30, 1935.

Afternoon Translation.

Sin Wan Pao and other local newspapers :-

BANKRUPTCY LAW TO BE ENFORCED FROM OCTOBER 1.

The Bankruptcy Law promulgated by the National Government will be put in force as from October 1. The Law consists of 3 chapters and 159 articles. There is a separate law of six Articles governing the enforcement of the Bankruptcy Law.

Lih Pao of September 28 :-

THE KOO TSO HSIEN CASE : THE INTERESTING EVIDENCE OF A WITNESS

Koo Tso Hsien sat wiping the sweat off his brow with his handkerchief while he listened attentively to the evidence given by the witnesses.

Chang Ting Kwei (张廷桂) gave the following evidence :- "On June 13, 1935 Wong King Kwei (王金奎) took me to the Yachow Hotel. Koo Sz (Koo Tso Hsien) was in a room. He handed out two pistols and said that he would pay us each \$10,000 as remuneration after the deed had been done. Later I received \$60. After my arrest I wished to reveal all. King Kiu Ling (an Inspector of the French Police), who is a relative of Koo Sz, sent one Zee Yu King (张裕庆) to stop us from speaking and threatened that if we spoke we would be tortured with electricity. Later, when I was being held in the Detention House, I heard that Koo Sz was making certain arrangements and that there was some hope for an appeal. For this reason, I did not speak. I do not know whether or not Wong Hsing Koo (王兴高) is connected with the case."

Shuh Pao :-

THE REORGANIZATION OF THE CHINA REALTY COMPANY.

The application for reorganization made by the China Realty Company, one of the companies of the Raven group, to the U.S. Court for China is intended for the better protection of its shareholders.

Four or five years ago, the shares of the China Realty Company were quoted at double their par value. A large number of these shares is held by Chinese and it is to be feared that the holders of shares bought when their value was very high will sustain a loss after the reorganization of the company.

Furthermore, many Chinese who desired to register their property with the U.S. Consulate had made use of the name of the China Realty Company for this purpose. Will they be able to regain possession of their property after the reorganization?

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Hough Ready To Mail Out Bank Checks

Liquidator Says He Is Fast Developing Writer's Cramp

3,200 PEOPLE TO BE PAID TOMORROW

Offices Will Be Moved To Suite In Dollar Building

With only another day to go before mailing starts, every available man and woman in the employ of Mr. Frank Hough, liquidator of the American-Oriental Bank, has been busy the past two days making out checks that will be paid to depositors of the institution with under \$50 local currency, or the equivalent in foreign currency, on deposit.

Mr. Hough told a CHINA PRESS reporter yesterday that he was developing writer's cramp from signing so many checks, but calculated that his wrist would probably hold out long enough to get the job completed. There are more than 3,200 accounts of less than \$50 on the books and checks are being made out for most of them.

It is estimated that about one-fourth of the accounts are very small, amounting to a matter of only a few dollars each. A number are the accounts of people who have left town, forgetting all about the few dollars they had left in the American-Oriental Bank. The amount of money to be disbursed will be approximately \$42,000, or an average of about \$13 per depositor.

These depositors are being paid off in full in accordance with an order issued four days ago by Judge Milton J. Helmick, of the United States Court for China, after receipt of a petition from Mr. Hough asking that he be permitted to pay off the small accounts.

In his petition, the liquidator stated that full payment to the small depositors would immediately do away with a great deal of book work, the cost of which would be about as much as the cost of making the payments. He added that it also would greatly speed up the work of liquidation.

Commencing Monday, the liquidator will start moving his offices to the Dollar Building, Canton Road, where a suite of four offices has been engaged.

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Judge Helmick Orders Full Payment Of Small A.-O. Bank Depositors

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Decision Handed Down Yesterday On Petition By Liquidator Of Defunct Raven Bank Expected To Reduce Expense Of Liquidation

APPROXIMATE TOTAL OF \$42,000, CHINESE CURRENCY, TO BE PAID OUT IMMEDIATELY

Good news for small depositors in the defunct American-Oriental Banking Corporation, the first since the bank went into liquidation on May 24 of this year, is made possible of announcement by a decision of Judge Milton J. Helmick, of the U.S. Court for China, authorizing Mr. Frank L. Hough, the Liquidator, to pay in full all checking, savings and fixed deposit accounts with the bank which, with accrued interest thereon, are not in excess of the following sums:

Shanghai Dollars	50
Tientsin Dollars	50
U. S. Dollars	20
Yen	60
Pounds	4

Hongkong Dollars	40
Francs	300

A petition, seeking authority to make such payments, was submitted by Mr. Hough to the Judge yesterday afternoon and immediately granted by the latter.

In this petition, Mr. Hough stated that the total number of checking, savings and fixed deposit accounts in all currencies appearing upon the records of the bank, in the Shanghai and Tientsin branches, is approximately 8,226 accounts totalling \$6,728,559.19. It is further stated that the number of such accounts which do not exceed the amounts specified above is approximately 3,273, and that to pay these 3,273 accounts in full the Liquidator will be required to disburse approximately \$42,000, Chinese currency.

\$625,000 In Hand

Of the monies already collected for the bank, Mr. Hough's petition continues, there is now a cash balance of approximately \$625,000, Shanghai currency, and the Liquidator believes that before the liquidation is completed a considerably larger sum will be available for distribution to the depositors and creditors of the bank.

The petition then goes on to state that the work and expense of liquidation would be considerably reduced if the aforesaid 3,273 accounts are immediately paid in full; that the cost of such payment in full is relatively small as compared with the total amount which will be available for payment to depositors and creditors of the bank; and that, although other depositors and creditors of the bank do not receive payment in full, the saving in the expense of liquidation will, in the opinion of the Liquidator, approximately offset the excess paid to the 3,273 depositors if those depositors are paid in full.

Finally, the Liquidator asked that interest on the 3,273 accounts shall not be paid beyond the date to which interest has already been accrued upon the books and records of the bank, with the proviso that no depositors who are indebted to the bank be paid until they have liquidated their indebtedness to the bank.

Judge Helmick's order grants the Liquidator's petition, with the provisos as stated, and it is expected that payment of the small depositors will commence immediately.

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Judge Helmick Delays Chase Bank Case

Kwei Chow Action May Be Settled Out Of Court

Action of Mr. Kwei Chow against the Chase Bank and Mr. Frank I. Hough, liquidator of the American Oriental Finance Company, for the recovery of securities worth approximately \$20,000, will in all probability be settled out of court, it was learned yesterday.

The action was scheduled to have been brought before Judge Milton J. Helmick in the United States Court for China yesterday morning but the matter was held over until next Wednesday pending an adjustment between the parties concerned.

Mr. Kwei Chow, in his bill of complaint, stated that he was a customer of the American-Oriental Finance Company, operating through them on the New York cotton and London rubber markets. He declares that on September 13, 1934, he placed 2,970 shares of Lanchow Mining Stock, worth approximately \$20,000, with the A.O.F.C. as collateral.

He further maintains that the stocks are his sole property and that his account with the A.O.F.C. has been paid in full. He also stated that the stocks had never been pledged with the A.O.F.C.

The American-Oriental Finance Company, it developed, had pledged the stock with the Chase Bank as collateral for a loan of U.S.\$16,000, the complaint stated. Mr. Kwei Chow is suing for the return of the stock as well as a temporary injunction preventing the Chase Bank from disposing of it in order to satisfy their loan.

Mr. Kwei Chow states that he first learned that his stock had been hypothecated when he called on Mr. Hough in July. The liquidator told him that former officials of the company had pledged it, adding that the Chase Bank could sell the stock at any time it wished to do so. Mr. Kwei Chow stated that Mr. A. E. Schumacher, manager of the Chase Bank, told him the same thing, hence his bringing the matter into court.

It is understood that an adjustment outside of court is now possible, the Chase Bank having sold other securities which had been pledged to it to cover the loan, and the stock owned by Mr. Kwei Chow is not required. In that event, the stocks will in all probability be handed over to Mr. Hough for return to Mr. Kwei Chow.

THE CHINA PRESS

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CHINESE SUES CHASE BANK FOR SHARES

A.-O.F.C. Liquidator Is
Named Co-Defendant
In U.S. Court

An action in the United States Court for China brought by a Chinese named Kuei Chow against the Chase Bank, as first defendant, and Mr. Frank L. Hough, Liquidator of the American-Oriental Finance Corporation, as second defendant, for the return of certain mining shares valued at approximately U.S. \$16,000 was postponed for one week when called for hearing yesterday.

According to the complaint filed by the plaintiff, the shares in question were deposited with the American-Oriental Finance Corporation in connection with certain foreign stock market transactions and pledged by the latter with the Chase Bank.

Plaintiff alleges that he is not indebted to the A.-O.F.C. and that the shares are therefore his rightful property. He is represented in the present actions by Dr. H. C. Mei, while Mr. C. S. Franklin and Dr. George Sellett appear, respectively, for the Chase Bank and the Liquidator of the A.-O.F.C.

OK

SHANGHAI MORNING POST
S. B. BUREAU.
No. 1) 6748
Date 19. 9. 35

September 19, 1935.

Morning Translation.

Shanghai Morning Post and other local newspapers:

THE CLOSING OF THE AMERICAN-ORIENTAL BANKING CORPORATION

Chinese depositors have sustained heavy losses through the failure of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company. According to an investigation, Chinese deposits in the bank total \$2,300,000.

In order to protect the interests of Chinese creditors in these three concerns, the Ministry of Finance of the National Government has appointed lawyer Huang Tsoong Shiung (黃宗勳) to participate, on behalf of Chinese depositors, in the liquidation of the three concerns.

It is learned that the Chinese creditors of the three concerns will hold a meeting in a few days.

Sin Wan Pao and other local newspapers:

CLOSING OF A PAWNSHOP

On September 15, the Yui Shing Pawnshop (裕興當舖), Carter Road, went into liquidation.

The pawnshop had a capital of \$30,000, but owing to trade depression, the whole amount has been lost. Ling Zung Tse (林鍾之) is the Manager of the shop.

Lawyer Chen Ping Sin (陳炳生), acting on behalf of the pawnshop, has issued the following notice:-

"Owing to trade depression, this pawnshop has suspended business. Creditors are hereby notified to call at my office within 14 days bringing proofs of their claims. Debtors should settle their accounts in the same period.

"Pawned articles, the period of redemption of which has not yet expired, must be redeemed at short notice".

Shanghai Morning Post and other local newspapers:

THE ANNIVERSARY OF THE SEPTEMBER 18 INCIDENT

Yesterday was the anniversary of the September 18 Incident.

The local Tangpu held a brief ceremony at 9 a.m. yesterday in observance of the anniversary.

Local Chinese broadcasting stations suspended operations the whole day. Chinese official organizations, public bodies, schools and factories carried on as usual. The national flag was hoisted at half-mast.

JAPANESE MARINES TO HOLD MANOEUVRES THIS MORNING

From 2 a.m. to-day, the Japanese Landing Force will hold manoeuvres at Yangtszepoo and vicinity. The practice will end at daybreak.

11828

6/18
19 9 35

**CHINESE INTERESTS IN
A.-O. BANK**

Chinese interests in the form of deposits, stock, etc., in the closed American Oriental finance and banking corporations are valued at \$8,000,000, according to information obtained by Mr. Huang Tsung-shun, a lawyer who has been appointed by the Ministry of Finance to look after the Chinese interests in the liquidation of the corporations. There are approximately 1,000 Chinese creditors, and it is reported that a creditors' association will be organized.

July 19 1935

September 16, 1935.

Morning translation.

6746
9

THE FAILURE OF THE AMERICAN-ORIENTAL BANK: THE INTERESTS
OF CHINESE CREDITORS

The closure of the American-Oriental Bank, the American-Oriental Finance Corporation and the Asia Realty Company has seriously affected the interests of Chinese depositors.

In view of the huge amount of cash and securities deposited with these concerns (estimated at over \$6,000,000) and with a view to protecting the interests of Chinese, the Ministry of Finance has appointed Wang Chung Hing (黃宗勳), a lawyers, to participate in the liquidation of these three concerns as the representative of the Chinese depositors and creditors. He has been instructed to report on the progress of the liiquidation from time to time.

11781

6742

CHINESE INTEREST IN A.-O. BANK

Delegate Appointed By
Government To Take
Part In Process

An important step was taken yesterday by the Ministry of Finance for the purpose of protecting Chinese interests in the closed American-Oriental Banking Corporation, when Mr. Huang Chung-shwan, a Chinese lawyer, was appointed by the Ministry to watch the liquidation of the bank and was ordered to submit reports to the government for reference.

Chinese reports stated last night that the closed bank had tied up the savings of 780 Chinese customers, with sums totaling \$2,300,000. Besides this, many Chinese were said to have deposited their money, bonds and other valuables with the affiliated concerns of the defunct institution and their total interest was estimated at more than \$2,000,000.

File
101

Liquidators Of Raven Interests Plan To Move

Will Shift Offices To
3rd Floor Of Dollar
Building

OFFERS MADE FOR
BANK PROPERTY

Auditor Is Completing
Asia Realty, Raven
Trust Reports

Cost of liquidating the American-Oriental Bank, the American Oriental Finance Corporation and the Raven Trust Company, the three defunct concerns of the House of Raven, will be considerably reduced commencing the first of October when the offices of Mr. Frank L. Hough, the liquidator, are moved to the Dollar Building on Canton Road, a CHINA PRESS reporter learned yesterday.

Mr. Hough has engaged a suite of offices of four rooms on the third floor of the building and has taken an option on more space if required. All essential members of the present staff will be retained, it is understood, and since most of the work of liquidating has developed into general routine, it is felt that there will be no need for taking up the option on additional space.

Moving To Be Easy Job

The job of moving will not be an exceedingly difficult one since most of the furniture and office equipment owned by the three bankrupt concerns has been sold by private sale, and only bare necessities have been retained. There are still a few typewriters on hand, and an adding machine or two, but for the most part, all the equipment except that which is needed in the actual work of liquidation has been sold.

It is further understood that most of the members of the liquidator's staff, now on the job, will be retained for another month or two since the work of preparing final reports on the positions of the three companies will not be completed before the first part of November.

In the meantime, however, the liquidator is negotiating for the sale of the bank property. Several offers have been received, it is understood, and these are now under consideration.

One Satisfactory Offer Made

One bidding firm, a local real estate concern, has made a satisfactory offer and should it obtain possession of the property, it plans to demolish the present building and erect a large office structure on the site. A large London concern also was reported to have been angling for the property with the idea of remodeling the present building, but it was reported yesterday that this deal had fallen through.

In the meantime, Mr. Henry DeVault, auditor assisting Mr. Hough with the liquidation, is busy completing his reports on the Asia Realty Company and the Raven Trust Company and it is understood that these will be ready for publication in a few days.

While no definite information has been released concerning these reports, it is understood that they are not exactly favorable. Before being submitted to the press, they will be taken before Judge Milton J. Helmick, of the United States Court for China, and that will probably be done the early part of this week.

For the purpose of safeguarding Chinese financial interests, the Ministry of Finance has appointed Mr. Huang Tsung-hsun, attorney-at-law, to watch the liquidation of the American-Oriental Finance Corporation and the American Banking Corporation, it was revealed yesterday.

It was estimated that more than 700 Chinese are owed money by the two banks to the amount of about \$2,300,000 at the time of their closure, in current deposits and American stocks and shares, it was declared.

11748

CHARGES AGAINST A.-O. OFFICERS

Further Particulars Wanted of Alleged Conversion

The hearing of charges of embezzlement against Mr. Frank J. Raven, Mr. John Warner Brown, and Mr. Albert Hamilton Driscoll, former officers of the American-Oriental Finance Corporation, was set at October 29 by Judge Milton J. Helmick in the U. S. Court for China yesterday afternoon. All the charges, filed by the District Attorney, Mr. Feltham Watson, state that the defendants received stock from clients for safe keeping, and that they converted the stocks placed in their care to their own use.

Declaring that the case is not an ordinary one, Mr. R. T. Evans, attorney for the first defendant, asked for various dates and the manner of the alleged conversion. Mr. W. B. Harrington, who appeared for Mr. Driscoll, also asked for additional information of the alleged conversion, stating that it was of great importance that particulars of the dates of the alleged offence should be given together with the information as to whom the stocks were alleged to have been entrusted. Judge Helmick ruled that further particulars concerning the charges be given five days before the date of trial.

Since Mr. J. Warner Brown had not yet obtained counsel, no similar motion was made in the Court yesterday on his behalf.

File
K

Raven And Associates To Be Tried In U. S. Court On October 29

Date Of Hearing On Embezzlement Charges Set By
Judge Helmick Yesterday; District Attorney
To Furnish Precise Dates To Defence

COURT ANNOUNCES OCTOBER 15, DATE FOR COMMENCEMENT OF CIVIL HEARINGS

Mr. Frank J. Raven, Mr. J. Warner Brown and Mr. Alfred H. Driscoll, President, Vice-President and Secretary-Treasurer, respectively, of the defunct American-Oriental Finance Corporation, will be tried on October 29 in the United States Court for China on the 15 charges of embezzlement brought against them by the U.S. District Attorney, it was announced by Judge Milton J. Helmick yesterday. This date was set at the first session of the Court to be held in several weeks, simultaneous announcement being made that hearings in the numerous civil actions brought against Mr. Frank J. Raven by the Liquidator of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company, will commence on October 15, two weeks earlier.

The Court gave consideration yesterday to motions filed on behalf of Messrs. Raven and Driscoll, asking that the District Attorney be required to furnish, in addition to information already on file, a Bill of Particulars setting forth the precise dates on which the alleged embezzlement of stocks, held in trust for customers by the A.-O.F.C., took place, and also the precise manner in which the alleged embezzlement was carried out.

Mr. W. B. Harrington, who appeared for Mr. Driscoll, said that according to law the granting of a motion for the furnishing of a Bill of Particulars rested entirely within the Court's discretion. He asked the Court, however, to exercise its discretion in favour of Mr. Driscoll and order the District Attorney to specify his charges in greater detail. Otherwise, he contended, the defence would be seriously embarrassed.

Case Of Mr. Driscoll

"Exact dates of the alleged acts of wrongful conversion should be set out in each of the 15 counts," Mr. Harrington contended. He went on to state that this was particularly important since Mr. Driscoll, who was charged in his capacity as Secretary

and Treasurer of the American-Oriental Finance Corporation, had in fact ceased to be the Treasurer on January 1, 1935, while some of the allegations of the District Attorney related to subsequent dates.

Appearing for Mr. Frank J. Raven, Attorney Richard T. Evans of Tientsin said he associated himself with Mr. Harrington's remarks, adding that there was no dispute as to the allegation that Mr. Raven was an officer of the A.-O.F.C. at the various times when the alleged wrongful acts were done. Nevertheless, he felt that in fairness to his client the fullest possible information should be furnished to the defence by the District Attorney.

Judge Helmick said he felt that the information which had been filed against the accused was perfectly clear. In the case of Mr. Driscoll, however, he thought there was some justification for the request for further particulars to enable the defence properly to prepare its case.

Dates To Be Given

He asked the District Attorney if he would undertake to furnish the defence with the precise dates asked for five days in advance of the trial. The District Attorney agreed and Messrs. Harrington and Evans expressed themselves as satisfied with this arrangement.

No application for the further particulars was made yesterday by Mr. J. Warner Brown, the third defendant in the embezzlement case. As far as is known, he has not yet engaged counsel to defend him.

The trial of the three officials of the American-Oriental Finance Corporation is expected to prove one of the most sensational in the annals of the United States Court for China. It was the bankruptcy of this concern and its two affiliates — the American-Oriental Banking Corporation and Raven Trust Company — which led to the extensive investigation on which the present charges of embezzlement are based.

In the information filed against the defendants, the charge, consisting of 15 separate counts, alleges that they "wilfully, unlawfully, fraudulently and feloniously embezzled and converted to their own use" various securities entrusted to the American-Oriental Finance Corporation for safe-keeping, the amount involved being in excess of U.S.\$62,000.

Arrested August 31

Mr. Raven and Mr. Driscoll were arrested here on August 31 and released the same day on bond after a brief period spent in the Amoy Road Gaol. Bond for Mr. Raven was set by Judge Helmick at U.S.\$10,000, while that of Mr. Driscoll was set to U.S.\$5,000. Mr. J. Warner Brown was arrested in Manila, where he was engaged in winding up the affairs of the Manila branch of the A.-O.F.C., and brought to Shanghai on Monday in the custody of the captain of the s.s. President Hoover. Meanwhile, a bond for U.S.\$10,000 was posted for Mr. Brown with the Department of Justice in Washington and approved here by Judge Helmick, with the result that Mr. Brown was set at liberty on his arrival here.

Civil suits filed against Mr. Raven and some of his relatives since the Liquidator, Mr. Frank L. Hough, took charge of the bankrupt Raven enterprises last June, call for the reimbursement by the defendants of sums totaling approximately Sh.\$1,500,000, exclusive of interest. Hearings in these suits is being held in advance of the criminal prosecution, and it is considered likely that some of the evidence given in the former will be made use of in the latter.

Those Honoraria

Among the items for which the Liquidator is seeking judgment against Mr. Frank J. Raven are three sums of Tls. 135,000 each, voted to Mr. Raven and received by him in January, 1932 from the American-Oriental Banking Corporation and the Asia Realty Company as honoraria for services rendered. The Liquidator alleges that these sums were wrongfully received by Mr. Raven at a time when all three concerns voting them were allegedly bankrupt.

Judgment is also asked for U.S. \$118,000 stated to be owing by Mr. Raven to the A.-O.F.C. on accounts opened and continued in his name to enable him to buy and sell stocks on the New York Stock Exchange. Other claims represent unpaid promissory notes and unliquidated overdraft balances.

In addition to the bond of U.S. \$10,000 which he was required to post in the criminal action which is to be heard on October 29, Mr. Raven is under bond of U.S.\$20,000 not to leave the Republic of China without the express permission of the U.S. Court.

11-42

11-24

U.S.

2/6

CENTRAL POLICE
REGISTRY

6748
6 9 35

WATCH KEPT ON MR. WARNER BROWN

Arrest Warrant Not Served on Former A.O.F.C. Officer

Nothing further has been heard by the U.S. Court for China regarding Mr. J. Warner Brown, vice-president of the American-Oriental Finance Corp. in liquidation, who is at present in Manila, and against whom, in company with Messrs. Frank J. Raven and A. H. Driscoll, fifteen charges of embezzlement, totalling U.S.\$62,679.51 were filed on Saturday by the U.S. District Attorney, Mr. Feltham Watson.

A United Press message yesterday stated:—

"Permission to return to Shanghai, in custody of the Captain of the ss. President Hoover is sought by Mr. J. Warner Brown, former official of the defunct American-Oriental Finance Corporation. Mr. Brown today sent a radio message to his attorney, asking him to request permission of the United States Court for China in the matter. Mr. Brown, named as one of the defendants in embezzlement charges filed with the court at Shanghai, has not yet been arrested, although the documents for his arrest were prepared early yesterday."

Although documents for his arrest have been drawn up, they have not been served on Mr. Warner Brown, but should there be any indication that he will not carry out his stated intention of coming up to Shanghai on the President Hoover, he will be arrested by the Philippine authorities and the local court notified. In this event, it will be necessary for a Deputy Marshal to proceed to Manila and accompany him back. Under American law, he can be held for ninety days, at the end of which time, should no Deputy Marshal arrive from Shanghai to take him in charge, the authorities would have no recourse but to turn him loose.

Both Mr. Raven and Mr. Driscoll have been released on bail of U.S.\$10,000 and U.S.\$5,000 respectively. Judge Milton J. Helmick, when the charges of embezzlement were filed, fixed Mr. Warner Brown's bail at U.S.\$10,000, but as he has not yet been arrested or the warrant served on him, he has not put up any money as security. Further news from the Philippine authorities is expected shortly.

File
116

11679

**J. WARNER BROWN
OF A.-O. FINANCE
CORP. IN CUSTODY**

**Unable to Arrange for Bail
of 20,000 Pesos**

**COMING TO SHANGHAI
FOR TRIAL**

Manila, Sept. 4.

Mr. J. Warner Brown, vice-president and director of the American-Oriental Finance Corporation, who was arrested yesterday afternoon on a warrant issued in the morning, spent the rest of the day in the company of his attorney, Mr. George Harvey, searching for bail of 20,000 pesos. Unable to find it up to a late hour, he spent the night in the custody of the secret police, who have arranged for him to go to Shanghai in the Dollar liner President Hoover, which sails this afternoon.

Mr. Brown visited town this morning, in the nominal custody of a detective, to attend to personal business. During the voyage to Shanghai, he will be in the custody of Capt. Anderson, of the President Hoover, who will act as a United States deputy marshal for the purpose.

Mr. Brown cabled to Mr. Cornell S. Franklin, yesterday, asking him to request Judge Milton J. Helmick, of the United States Court for China, to give him permission to travel to Shanghai in the custody of the captain of the President Hoover.

Reuter.

11651

Embezzlement Charges In U.S. Court Against A.-O.F.C. Management

6748
-9-35

Messrs. F. J. Raven, J. W. Brown And A.H. Driscoll
Named; 15 Counts Charge Misappropriation
Of Stocks Valued At Over U.S.\$62,754

Two Bonds Here Are Immediately Met

FIFTEEN CHARGES of embezzlement were made today against the Messrs. Frank Jay Raven, John Warner Brown and Alfred Hamilton Driscoll, in their capacities as officers of the American-Oriental Finance Corporation, in an information filed with the U. S. Court for China by U. S. District Attorney Feltham Watson.

Cash bail was set by Judge Milton J. Helmick in the amounts of U.S.\$10,000 for Mr. Raven, U.S.\$10,000 for Mr. Brown, and U.S.\$5000 for Mr. Driscoll.

Both Mr. Raven and Mr. Driscoll appeared at the U.S. Court before noon in response to notifications. Mr. Julius Kleffel, who was vice-president and manager of the American-Oriental Banking Corporation, appeared with Mrs. Kleffel and bail was posted by Mrs. Kleffel on behalf of Mr. Driscoll.

DECISION AWAITED

This had to go before Judge Helmick for approval, however, and shortly after noon Mr. Raven and Mr. Driscoll were taken to the Amoy Road jail for lunch.

Special instructions being given by U.S. Marshal Edward L. Faupel that they were to have freest access to communications. Meanwhile, Mr. and Mrs. Kleffel went upstairs to Judge Helmick's apartment to await his decision on the Driscoll bond.

Judge Helmick approved the

Raven Trust Co. Statement Issued

Three Million And Half

The severe typhoon which ravaged cities in the central part of Japan and shipping in the inland sea and along the coast has now departed from Hokkaido into the Sea of Okhotsk. Steamships traveling northward with violent intensity. Its effects were felt to be felt in the Kurile Islands (far day.)

Violent Typhoon Kurill

Mr. and Mrs. E. H. Munson Shanghai are due to return here on Monday from a prolonged absence in Yunnan in connection with the work of the Y.M.C.A. Mr. Munson acted as representative for the National Committee the Y.M.C.A. at the opening of new building of the Association in Yunnanfu and has taken active part in a summer conference for students in the province. The Munsons have been away about two months.

The affair was a garden party which took place on the lawn of Mrs. Machebeth's home in Route de Grouchy, with Mrs. A. W. Sherrell, a friend of long standing of the hostess, assisting in the duties of receiving and making introductions. The guests were largely friends of the honoree, who has played a prominent part in the work of the American Women's Club and in other civic and social organizations.

Thirty ladies joined Mrs. James Machebeth yesterday afternoon in bidding an affectionate farewell to Mrs. W. H. Lunt, who sails for Japan and an indefinite stay in the United States tomorrow morning.

Mrs. Machebeth's Tea
Mrs. Machebeth's tea party was a feat probably without precedent. The second hole of 385 yards in two, in part of 38. Incidentally, he made played around the Unzen golf course a Japanese partner and having championship with the assistance of summer, having won the tennis athlete of distinction during the Mr. Roberts proved himself an vacations in Unzen, Japan.

Home From Japan
Dr. J. Claude Thomson and the Rev. Mr. W. P. Roberts, together with both their families, passed through Shanghai yesterday en route to Nanking after summer vacations in Unzen, Japan.

Handwritten notes and signatures on the right side of the page.

11643

EMBEZZLEMENT CHARGES OVER A.O.F.C. AFFAIRS

Mr. F. J. Raven and Mr. A. H. Driscoll Held on Bail; Complaint Laid Against Mr. J. Warner Brown

FIFTEEN COUNTS INVOLVING U.S. \$62,679

Alleged Conversion of Stocks Deposited by Clients for Safe Keeping

FIFTEEN charges of embezzlement, totalling U.S. \$62,679.51, were filed yesterday by the District Attorney, Mr. Feltham Watson, in the U.S. Court for China, against Mr. Frank J. Raven, Mr. John Warner Brown, and Mr. Albert Hamilton Driscoll, former officers of the American-Oriental Finance Corporation. It was the first official action of the United States Government in connection with the affairs of the American-Oriental Finance Corporation, and other organizations, which suspended business on May 24, this year. All the charges state that the defendants received stock from clients for safe keeping, and that they converted the stocks placed in their care to their own use.

Bail for Mr. Raven and Mr. Brown, who is now in Manila, was set by Judge Milton J. Helmick at U.S. \$10,000, and that for Mr. Driscoll at U.S. \$5,000.

NOTHING TO GO TO STOCKHOLDERS OF RAVEN TRUST

7 Per Cent. Available for Unsecured Creditors

ASSETS AND LIABILITIES SHOWN BY AUDITOR

The estimated shrinkage in values and the estimated amount that may be realized for the benefit of the creditors is shown in a balance-sheet prepared by Mr. H. S. De Vault, certified public accountant, for Mr. Frank Hough, liquidator of the Raven Trust Co., yesterday. The balance sheet shows the assets and liabilities of the Raven Trust Co. on May 23, this year, the last day the company was open for business. Mr. Hough took over as liquidator for the firm on June 4.

The principal item of assets, namely, investments in stocks, is expected to realize \$150,000, or approximately 3½ per cent. of the book values. About 85 per cent. of these investments are in stocks of associated and affiliated companies.

"The statement of the liabilities," said Mr. Hough, "includes all known obligations. It may be that there are some claims which were not on record, but, if so, the amounts are not believed to be material."

The balance sheet shows that there may be realized approximately \$300,000, less the cost of liquidation, which will be available for creditors. This amount is about 7 per cent. of the total unsecured creditors' claims. As indicated by the statement, there will be nothing available for the stockholders.

Mr. De Vault and his staff at present are at work on an analysis of the operations of the Raven Trust Co. from the beginning of its existence, and Mr. Hough stated yesterday that he hopes within a short time to be able to present a full report on all transactions of the company.

The balance-sheet follows:—

Mr. Raven arrived in the U.S. Consulate in response to a telephone call from the U.S. Marshal, Mr. Edward Faupel, shortly before noon. He was unescorted, coming from his home entirely of his own free will. He was taken to the Amoy Road gaol, as a formality, until his bail could be arranged. This was done by his brother, Mr. C. H. Raven, who wrote out a cashier's cheque for U.S. \$10,000 on the Chase National Bank. Immediately upon receipt of the cheque, Mr. Faupel instructed the gaol officials to release Mr. Raven.

Mr. Driscoll's bail was put up by Mrs. Julius C. Kleffel, wife of the



Mr. F. J. Raven

former vice-president and manager of the American-Oriental Banking Corporation. She posted her home as security. It was necessary first for Judge Helmick to approve the security. In the meantime, Mr. Driscoll also was taken to the gaol, with Mr. Raven. He was released shortly, when Judge Helmick approved the security.

11644

Assets		
	Book Value	Estimated Realizable Value
	\$	\$
Investments,		
Stocks	4,017,632.12	3,865,600.67
Loans Receivable	307,077.81	287,498.81
Due from Trust Estates	352,447.86	227,792.03
Real Estate	90,315.25	68,501.57
Sundry Debtors	14,948.63	14,948.63
Furniture, Fixtures, Library, Motor Car, etc.	46,781.95	43,281.95
Public Utility Deposits	200.00	200.00
Total book value	\$4,829,403.62	
Total estimated shrinkage		\$4,507,823.66

Total estimated realizable value	\$321,579.96
Less Prior and Specifically Earned Claims (per contra):	
Mortgage payable	\$18,166.29
Wages	3,242.50
	21,428.79
Estimated Amount Available for Unsecured Creditors and to Defray Expenses of Liquidation	\$300,151.17
Estimated Deficiency or Loss to Unsecured Creditors	3,267,439.71
Total of Unsecured Claims	\$3,567,590.38

Liabilities		
	Per Books	Unsecured Creditors
	\$	\$
Claim Covered by Specific Lien—Mortgage on Real Estate (per contra deducted from real estate)	18,166.29	
Claim Given Priority by Law, Wages	3,242.50	
Fixed Trust Certificates	2,222,599.07	2,222,599.07
Loans Payable:—		
A.-O. Bank	128,183.90	128,183.90
A.-O. Finance Corp	130,511.61	130,511.61
Asia Realty Co.	62,928.31	62,928.31
Underwriters Savings Bank	15,709.97	15,709.97
American-Oriental Bank:—		
Overdraft	681,915.69	681,915.69
Exchange contracts	111,251.30	111,251.30
A. O. Finance Corp. Marginal trading account	20,076.30	20,076.30
New York stocks account	29,670.74	29,670.74
Exchange contracts	81,394.26	81,394.26
Due to Trust Estates	68,766.18	68,766.18
Sundry Creditors	14,583.55	14,583.55
Nett Worth (capital stock less deficit)	1,240,383.95	
Total per Books	\$4,829,403.62	
Total of Unsecured Claims		\$3,567,590.88

Mr. Brown Not Served

Mr. Brown, in Manila, according to a United Press despatch, stated yesterday that the charges filed against him had not yet been served and he declined to make any comment on the matter. The Manila branch of the American-Oriental Finance Corporation recently partially paid its creditors, and hopes that all can be paid off if the Manila branch is separated from the other branches of the Corporation. Whether or not it can be is now being decided by the Courts in Manila. It will be necessary for the U.S. Court to send a marshal to Manila to bring Mr. Brown to Shanghai. Mr. Faupel yesterday morning cabled to Governor Frank Murphy about the developments here, and stated that a



Mr. J. Warner Brown

man would be sent to Manila formally to serve the warrant upon Mr. Brown.

A United Press message from Manila, yesterday, stated:—"Inasmuch as the Secret Service has not received any request to detain Mr. John Warner Brown, there will probably be no action taken against him during the weekend."

Mr. Raven and Mr. Driscoll will be given a preliminary hearing by the Acting Commissioner, Mr. William T. Collins, next week. The penalty for embezzlement in this case is ten years in the Federal Prison on McNeill's Island, near Seattle, or U.S. \$1,000, or both.

Details of Charges

The largest of the fifteen charges is for U.S. \$50,000, this stating that on or about November 17, 1934, Mr. L. Bassett brought to the American-Oriental Finance Corporation for safe

keeping 400 shares of American Telephone & Telegraph and 100 shares of Western Union Telegraph Co. The charge goes on to state that, from November, 1934, until May 27, this year, the defendants used the shares for their own benefit, and that, when the American-Oriental Finance Corporation suspended business, the defendants were unable to repay Mr. Bassett.

Of the other fourteen charges, six are in four figures, ranging from U.S. \$1,041.57 to U.S. \$2,908.02. The other eight are all under U.S. \$1,000, the smallest being for U.S. \$22.75. This is for three shares in the Electric Band & Share Co., which Mr. L. J. Bergmann placed with the American-Oriental Finance Corporation for safe keeping.

Besides Mr. Bassett and Mr. Bergmann, the people mentioned in the charges as having placed stock with the defendants are Mr. D'Ungera Sternberg, Mr. Edward P. Howard, Mr. O. Bordes, Mr. H. W. Brook, Mrs. John F. Stevens, jun., Mr. C. R. Jones, Mr. John Cornfield, Mr. M. J. Harris, Mr. William N. and Florence C. Gray, Mr. Stanley G. Kirkland, Mr. Gordon Yates, Mr. John A. Ely, and Mr. H. G. Smith.

With the present charges, the amount of money involved in the case now reaches a total of U.S. \$259,041.69 and Sh. \$1,121,761.88.

Liquidator Sues Raven Family For U.S. \$196,362, Sh. \$363,005 On American-Oriental Accounts

Mr., Mrs. Charles, Walter
Raven Named; Court
Serves Papers

Premissory Notes, Overdrafts Listed

A total of U.S. \$196,362.18 plus Sh. \$363,005.69 is asked from various members of the Raven family in suits filed with the U. S. Court For China today by Mr. Frank L. Hough in his capacity of liquidator for the American-Oriental Finance Corporation, and the American-Oriental Banking Corporation, at the Raven Trust Company.

Those named in the suits are Mr. Frank J. Raven, former president of the institutions, who in the largest of the suits is asked for a total of U.S. \$128,313.29 on New York stock trading accounts; Mr. Charles H. Raven; Mr. Walter F. Raven; and Mr. Charles H. and Mrs. Lillian S. Raven.

SERVING PAPERS

Service was obtained on Mr. Charles Raven this morning and it was expected that papers would be served in the other suits during the course of the day save in the case of Mr. Raven,

who is not at present in Shanghai.

The suits are based on stock trading accounts, unpaid balances of promissory notes, overraits and loans. In some instances security in the form of stocks was put up, and the liquidator asks in such instances for sale of the collateral to satisfy judgment.

Two March Loans

Included among the suits are such recent causes for action as two loans as of March 1 of the present year, to Mr. Walter F. Frank J. Raven, five causes of action are cited involved five trading accounts on the New York Stock Exchange handled through the American-Oriental Finance Corporation, these being carried on the books as "R. T. Co. Trustee, No. 101-11," "R. T. C. Trustee, No. 101-A-5," and so on.

On the first account an indebtedness of U.S. \$107,213.41 is claimed, on the second U.S. \$12,472.36, on the third U.S. \$6434.65, on the fourth U.S. \$1248.74, and on the fifth \$944.13. On all, judgment is asked for the amounts named with interest on the first three accounts at 6 per cent and on the last two at 8 per cent.

Charles H. Raven Suit

Suit against Mr. Charles H. Raven, likewise on behalf of the Finance Corporation, also has to do with a New York Stock Exchange account, bearing 8 per cent interest, and it is declared there is owing U.S. \$52,724.85.

Against this there was pledged as collateral 10,900 shares of Common "A" Bakerite Company stock, 11 Socony-Vacuum Corporation shares, and 940 Common "A" American-Oriental Finance Corporation shares, sale of which is requested of the court for satisfaction of judgment.

A third suit, also against Mr. Charles H. Raven, is based on a Sh. \$120,183.90 loan from the Raven Trust on which the unpaid balance is stated to be Sh. \$50,183.90 bearing interest at 8 per cent from July 20, 1933.

Raven Trust

Another cause for action in the same suit cites disbursements by the Raven Trust on which Mr. Raven is said to be indebted to the extent of U.S. \$1824.01 plus Sh. \$861.74.

Suit against Mr. Walter F. Raven is based on a promissory note for U.S. \$6000 on which it is alleged no payment has been made so return of the money plus interest at 8 per cent from March 1, 1935, is asked. This money was loaned by the

American-Oriental Banking Corporation.

Second Cause

A second cause for action is based on a bank overdraft on which Sh. \$29,887.91 is sought, plus interest at 8 per cent from May 24.

Suit against Mr. Charles H. and Mrs. Lillian S. Raven is based on an American-Oriental Banking Corporation overdraft to these two jointly on which it is alleged Sh. \$93,749.64 is due with interest at 8 per cent from May 24.

Against this, a pledge of 13,125 Common "A" shares of Bakerite Company stock stands, and sale of this is asked for satisfaction of judgment.

Premissory Note

Another suit against Mr. Charles H. Raven is based on a promissory note to the American-Oriental Banking Corporation for U.S. \$7500, on which nothing has been paid and full repayment is asked with interest at 8 per cent since March 1, 1935.

File
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Hearing Of Raven Suits Likely To Be Delayed Until Autumn

Handwritten notes in a box: "D. 748"

Sellett Indicates That Case May Not Be Set For Some Months Yet

Hough Not Likely To Answer Evans Letter

The hearings of the three actions filed with the clerk of the United States Court for China against Mr. Frank J. Raven, formerly head of the defunct concerns that bear his name, will in all probability not be conducted until fall, a CHINA PRESS reporter learned yesterday during a short conversation with Dr. George Sellett, attorney for Mr. Frank L. Hough, liquidator, of the American-Oriental Bank, American-Oriental Finance Corporation, and the Raven Trust Company.

Dr. Sellett was reticent about discussing the probable time when the three cases will be heard, saying that he could not say anything definite as to when the attorneys concerned would present motions to the court to set date of hearing.

In view of the fact that Mr. Richard Evans, attorney for Mr. Raven, has returned to his home in Tientsin for the purpose of attending to other affairs pending before he agreed to defend Mr. Raven and at the same time to study matters pertaining to the three cases, it was reported as being unlikely that any motions to set the date will be made during August.

Liquidating Continues

The three bills of complaint against Mr. Raven ask the recovery of bonus money, aggregating Tls. 405,000, alleged to have been paid to him by the A.O.B.C., the A.O.F.C., and the Asia Realty Company. Two of the complaints allege that the bonus transactions were wrongful and fraudulent.

In the meantime, the business of liquidating the three defunct concerns and reorganization of the Asia Realty Company, of which Mr. Hough is trustee, has developed into a matter of heavy routine, according to the liquidator.

Regarding the open letter sent to him by Mr. Raven, in which statements alleged to have been made by the liquidator, were attacked, Mr. Hough has had very little to say, and up to the present time has given no indication of intending to answer the epistle. He has informed a CHINA PRESS reporter that he does not at the present time intend to send an open letter to Mr. Raven.

It is understood that the Asia Realty audit is nearing completion, but it could not be learned yesterday as to what time a financial statement concerning this company can be expected. It is known, however, that drastic cuts have been made in overhead by Mr. Hough in an effort to realize some actual cash on the company's income and that the trustee's work in this direction has been somewhat successful.

11212

LIQUIDATOR KEEPS SILENT

No Comment on Letter from Raven Lawyer

"As a child I was taught never to answer back."
This was the only comment Mr. Frank L. Hough, liquidator for the three Raven companies, would make last evening in connection with the letter he received on Monday from Mr. Richard T. Evans, Tientsin lawyer on behalf of Mr. F. J. Raven and other officers of the companies. The letter protested against Mr. Hough's "fearless and outspoken" allegations made in the press concerning the conduct of the affairs of the companies concerned.
Mr. Hough intimated that he was letting the matter drop.

Raven's Attorney Sends Letter Of Protest To Liquidator Of A.-O. Bank

Former Bank Head Reiterates That Failure Of His Companies Was Due To Tight Money Market And U.S. Silver Policy

MR. HOUGH CRITICIZED FOR PREJUDICING REORGANIZATION OF ASIA REALTY CO.

A protest against allegations made publicly from time to time by Mr. Frank L. Hough, Liquidator of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company, was made yesterday on behalf of Mr. Frank J. Raven and other officers of the three companies by Attorney Richard T. Evans, of Tientsin, in the form of an open letter addressed to the Liquidator and later released to the Press.

Issue is taken with the Liquidator specifically in regard to statements that the Raven companies were insolvent as far back as the beginning of 1932, when Mr. Raven, received from them honoraria totalling Tls. 405,000; the suggestion that Mr. Raven acted fraudulently in regard to at least one of these honoraria, and that the bankruptcy of the Raven companies was not due to the operation of President Roosevelt's Silver Purchase Act.

Apart from this, it is claimed that Mr. Hough's periodical statements have injured the prospects of reorganization of the Asia Realty Company, of which Mr. Hough is Trustee, while at the same time affecting adversely the work of liquidating the other three companies to the best advantage of the creditors.

Text Of Letter

Mr. Evans' letter, in full, is as follows:—

Frank L. Hough, Esquire,
Liquidator, American-Oriental
Banking Corporation,
29 Nanking Road,
Shanghai.

Dear Sir:

On behalf of Mr. Frank J. Raven and the other officers of the three companies in your charge, I venture respectfully to protest against the allegations which you have freely made in the public press concerning the conduct of the affairs of these companies. You have said that these companies have been insolvent for some time and that Mr. Raven and other officers must have known it. You have implied, even if you have not said it in so many words, that Mr. Raven at least has been guilty of fraud.

If you will take the trouble to look at the detailed statements of accounts of the four companies which were prepared at the end of December, 1934, and will compare the securities which were then listed and which were held by the various companies and ascertain the actual market quotations thereof at that time, you should be satisfied that all of these companies were solvent then. You have said more than once that the shares of stock in the Asia Realty Company are worthless, notwithstanding that this company is not insolvent and is assumed to be in process of reorganization. Such a statement made by you, the person in responsible charge of this company and an officer of the United States Court for China, has carried great

weight and has seriously injured the prospect of reorganization. Not only has it injured the prospect of reorganization of this company, but by so doing it has also injured the possibility of the other three companies obtaining the same substantial return from their investment or loans against its securities which they would have obtained had you been more discreet.

U. S. Silver Policy

You have said that the failure of the American-Oriental Banking Corporation had nothing to do with tight money conditions in Shanghai and nothing to do with the silver situation which, admittedly, caused these tight money conditions. A large part of the capital and reserves of the Bank are stated in United States currency and the equivalent is stated in the balance sheet in local currency. About two and a half years ago the equivalent of these items in local currency was about double their value when the Bank closed. As the currency with which the Bank mainly deals is local currency, it was obvious that this meant a considerable shrinkage in the actual surplus of the Bank during this period. This was directly due to the United States monetary policy as the intrinsic value of silver in terms of gold bullion has not changed by more than 25 per cent. At the end of December, 1934, the Bank had capital and reserves in United States money of about one million dollars which at that time was worth approximately three million dollars, Shanghai currency. By the 23rd of May this one million, United States currency, had shrunk to less than two million four hundred thousand dollars, Shanghai currency. It is apparent from the accounts of the American-Oriental Banking Corporation that this Bank had more than two million dollars in actual cash either on hand or in other banks in December 31, 1934, forming over 20 per cent. on the deposits. Considering the money conditions which prevailed in Shanghai during the autumn of 1934 and the gradual worsening of these conditions towards the end of December, I think you will agree if you compare this reserve with the reserve of other banks in proportion to their deposits, that it was a higher percentage of cash as against deposits than was held by most of the banks, even the biggest ones.

11295

That cash reserve became depleted as people began to withdraw their deposits. Many of the deposits in the other three companies which were for fixed terms would, under normal monetary conditions, have been renewed and the experience of these three companies has been over a period of years that something like 70 per cent. of their fixed deposits are renewed on expiration. Due to the very tight money conditions it was practically impossible to borrow during the winter of 1934 and 1935 from any bank in Shanghai even on the best of securities. It is not surprising, therefore, that these depositors required payment and would not renew. These companies, therefore, had to obtain funds as best they could to meet these deposits. Their assets were no less, their liabilities were no greater than they had been previously. They felt justified in applying to the American-Oriental Banking Corporation for accommodation against securities of these affiliates. Now it may be that a bank ought not to lend on the shares of any of its affiliates but that is quite another thing from saying that such lending is fraud and that it means that there is a condition of insolvency.

Responsible Men

The Directors of these companies are representative and responsible business men of Shanghai. It is not likely that they would lend their aid or countenance to the continuation in business of an insolvent concern or to any kind of fraud or misrepresentation.

I appreciate the difficulty and responsibility of your work and you deserve and should receive the co-operation of all concerned. I appreciate that it is your duty to be fearless and outspoken. With respect, I do not think it is your duty to make the comments which you have seen fit to make them in the public press concerning the former officials of these institutions.

I trust that you will give this letter serious consideration and that, in the future, in making statements to the public, if you feel justified in making statements to other than those directly interested, that you confine yourself to statements of strict fact and abstain from comment that is likely to cause injury to innocent people.

Yours very truly,

(Signed) RICHARD T. EVANS.

The letter was handed to press representatives personally by Mr. Frank J. Raven in the office of the Chocolate Shop, on Nanking Road. Mr. Raven's attorney returned to Tientsin on Saturday and is not expected to return to Shanghai until a date has been set for the hearing of the three suits filed against his client in the United States Court.

Contrary to earlier expectations, hearing is not likely to take place until September or October, it was learnt yesterday. The delay is necessary since both Dr. George Sellett, attorney for the Liquidator, and Mr. Richard T. Evans, attorney for Mr. Raven, require additional time in which to prepare their cases.

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REGISTRY
S. B. REGISTRY
No. D 6748
Date 29/7/35

Reflections On Liquidator's Findings Of A.-O. Bank

Perils That Ever Lurk In Independent Organizations Existing Outside Bankers' Association; Essential Safeguards Pointed Out

By ARTHUR & THEODORE SOPHER

Upon the legal aspects of a case *sub judice*, it would be improper to comment; the matter rests with the U. S. Court and will have to undergo the orderly process of legal administration. But there are other questions, of a fundamental nature, arising from the affairs of the four affiliated companies which bear on the conditions that have made possible such a serious situation, conditions which, if unaltered, would lead, through accumulating momentum, to greater "tragic loadings" than we now witness.

Inherent Unsoundness

In an article entitled "Joint Stock Corporations and Shanghai Crisis" published in these columns on Sunday, June 2, 1935, it is recorded that in the face of the chairman's statement laying blame for the Bank's failure on the U. S. Government's Silver Purchasing Plan, we stressed that the source of its troubles was rather to be found in the direction of unsound investments. A healthy constitution, properly treated, though subjected to the stress and strain of adverse circumstances, could not have met, under equal conditions, with the ugly fate of the A.-O. Bank. Mr. Hough, in his report of the liquidation, bears out our surmise by attributing the failure of the three companies not to bad external conditions, in which the U. S. Silver Policy figures largely, but to the fact that, for several years, the Bank had been unsound and, in his opinion, would have been forced into liquidation under business conditions generally favourable.

A Vital Qualification

Assuming that the President downwards to the lowest office employee were persons of the best of intentions, let us consider what the leaders and principal officers did have to confront in the course of business under conditions lawfully permitted them. A corporation is constituted legally in conformity with the laws of a certain state—one of the forty-eight United States—with whose laws the man on the street is generally unfamiliar—and ignorance of such codes or statutes is no plea for official consideration. The banking entity was not made a member of the Shanghai Bankers' Association—a qualification essential to public safety, and a fact not necessarily widely known.

Under the laws of a particular state, a company may operate in certain ways appropriate to the plan or scheme of the administering personnel. Every step taken by the company, bank, or trust may be duly and legally in accordance with what is "done"—of which the layman is in impenetrable ignorance. This is no fault of the organizers. In principle, company "A" is lawfully permitted to invest in corporation "B" who may invest in "C" and so on ad lib. And, what is more, it is allowable that "A," "B," and "C" be closely related, affiliated or interlocked.

Pyramidal Principle

Further, officer or officers in charge of investments in "A" are permitted to be officers in "B," and again in "C." The principle of strong structures is to build from a broad base and solid foundation and to taper upwards—pyramidal. The opposite of such a principle of development is commonly known as "pyramiding," meaning the *inverted* pyramid where you start from a point and broaden upwards as you go—always top-heavy. Mark you, the law—the particular statute of a certain state—allows it. When the untoward event occurs and the victim gnashes his teeth and is madly abusive or even becomes tragically insane, nothing avails. In demoralizing impotence he beholds the legal machinery tardily roll on.

By these same laws the officers can carry out any scheme and, in effect, dispose of the moneys in any way they desire. Let us suppose that officer in charge of company "A" has opened another company "B" in which he has part or major interest. What judgment, with the best of all intentions and on the most ethical grounds—what judgment short of the divine can decide correctly as to the soundness or not of such investment? It is like the left hand desiring to borrow from the right, and you expect the right hand to be absolutely unbiassed in its judgment towards the left. The investor is called upon to divorce his mind from personal interest absolutely and to rule against himself whenever necessary. The natural tendency of self-preservation is bound to distort such judgment, and errors are, therefore, highly probable. Herein lies the worst feature of the operating conditions. And any initial success in "profits" step by step leads on to an increasingly deceptive course, not necessarily due to immoral conduct but *per se* since the law allows it. Through fortuitous events such an organization may, in practice, come out with flying colours, but in repeated action, over long periods, the chances of meeting with a crack become increasingly likely. In such event, the larger the top-heavy structure, the easier the collapse.

Automatic Protection

As it is far simpler to institute safeguards through active rulings rather than seek processes of developing human nature and judgment, a system, which shall work by routine and afford more or less mechanical protection, is highly desirable.

Before touching upon these constructive measures, emphasis must be laid on the dangers that may arise from independent organizations on whose statements the public relies. They are those competent authorities that issue a business entity's bill of health. Judging from the case in hand, the audits of accounts circulated among the public, instead of being of value in guidance, through the weight of their authority, have preserved public confidence intact, which shows that the real condition of an organization can escape the detection of auditors, and mea-

asures in protection of the public and the auditors themselves form a separate channel for improvements in legislation. In this connection, it would be desirable for auditors to take their instructions not from individual concerns but from the government, to whom the company should apply for an audit, the cost of which should be paid to the government as, in the final outturn, the public in its distress looks to the government for aid. The auditor need not, therefore, be concerned over the company's favour or disfavour.

Touching upon safeguards, no bank should be permitted to operate which is not a member of the Shanghai Bankers' Association. There should be complete and thorough inspection of a bank's assets by the Government, as in the case of the life insurance companies. Every bank official should not be permitted to have personal investments and a bank should be utterly divorced from subsidiary companies in which it holds an interest. It should be obligatory on bankers to take oath to that effect.

A.O. BANK PRESIDENT'S ANSWER TO CHARGES

**Denies Personal Control in Recent Years: Special
Remuneration Not Asked for or Suggested**

HAD NO INTENTION OF LEAVING CHINA

**Directors Elected by Stockholders and Exercised
Independent Judgment and Discretion**

MR. Frank J. Raven, formerly president of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, the Asia Realty Company, and the Raven Trust Company, late yesterday afternoon, in the United States Court for China, answered the bill of complaint filed by Mr. Frank L. Hough, the liquidator, on June 29.

Mr. Raven denied Mr. Hough's two principal charges, which were that the Bank has been insolvent since December 31, 1931, and that Mr. Raven owes the Bank the sum of Tls. 135,000, which he received in January, 1932, as an honorarium. He stated that at the time the Bank was solvent, and that its shares were quoted then and for some time after on the Shanghai market at twice their par value. He also stated that he repaid the Tls. 135,000 to the Raven Trust Company on February 9, 1933.

He stated that the bill of *ne exeat* served on him was unnecessary, as he had at no time had the intention of leaving China and the jurisdiction of the United States Court.

Following is the gist of Mr. Raven's answers, these being practically identical in each of the three cases—the American-Oriental Bank, the American-Oriental Finance Corporation and the Asia Realty Company:—

Defendant admits that during all of the period of five years last past, the defendant has owned and controlled a majority of the voting stock of the Raven Trust Company, Federal Inc., U.S.A., a corporation, and admits that the said corporation now owns and controls and during all of said period owned and controlled a majority of the voting stock in the American-Oriental Finance Corporation, Federal Inc., U.S.A., a corporation, and admits that the said corporation now owns and controls and during all of said period owned and controlled a majority of the voting stock in the American Oriental Banking Corporation, but defendant denies that during all or any of the period of five years last the defendant has controlled the Bank.

Defendant denies the allegations of Paragraph 5 and alleges that the assets of the Bank on January 12, 1932, were more than twice its liabilities, excluding its capital stock, surpluses and undivided profits and that the cash on hand and in banks on that date was approximately 44 per cent. of all deposits, and that its shares of stock were then and for some time thereafter currently quoted on the Shanghai market at more than twice their par value.

Control Denied

Defendant admits the allegations of Paragraph 6, except that defendant denies that he controlled the Bank on January 12, 1932, for the reason that the directors of the Bank were elected at all material times by the stockholders thereof with the sole object of obtaining men of representative character and ability, and the defendant never at any time voted his own shares or caused the Raven Trust Company, Federal

Inc. U.S.A., to vote its shares in the American-Oriental Finance Corporation, Federal Inc. U.S.A., for the purpose of electing or opposing the election of any candidate otherwise than for the purpose aforesaid, and the said directors at all material times exercised their independent judgment and discretion without any control, direct or indirect, of the defendant, and the defendant denies that he was present when the resolution referred to was discussed and passed, though he was present when the meeting referred to commenced. The defendant did not know prior to the meeting of January 12, 1932, that the subject of the payment of T135,000, referred to in Paragraph 6 aforesaid was under consideration, and the defendant neither asked nor suggested that said remuneration be paid to him and he had no knowledge thereof until the resolution referred to was communicated to him after the meeting aforesaid. The defendant paid the said sum of T135,000 to the Raven Trust Company, Federal Inc. U.S.A., as a donation for the purpose of increasing its liquid capital and the defendant did not, then or at any time use the said sum of T135,000 or any part thereof for his personal benefit.

Expense Allowances

As to the allegations of Paragraph 7, defendant admits that he received the monthly sums and bonus as stated in said paragraph, but alleges that these were received and receipted for as expense allowance and not as salary, and defendant denies each and every other allegation of the said paragraph. The Bank was organized in the year 1917 and the defendant was the promoter and organizer thereof, but the defendant received no compensation at that time or at any time prior to January 12, 1932, for his services as promoter and organizer. The defendant acted actively and continuously as an officer of the Bank and as organizer of its affairs without any compensation other than payment of Tls. 135,000 above referred to for about 10 years after the organization of the Bank and it was well understood between the defendant and the directors that he would receive compensation for his services as promoter and organizer of the Bank and in respect of his many acts of service in bringing the Bank to prosperity when the circumstances of the Bank would warrant a reasonable payment, and in all the circumstances the payment made was reasonable.

By way of special defence, defendant alleges that any claim which the plaintiff may have by reason of the premises, is barred by the laches of

the Bank in that a period of more than three years has elapsed since January 12, 1932, when the plaintiff alleges that said amount was due and repayable by the Defendant to the Bank.

No Intention To Leave

By way of defence to the application for writ of *ne exeat* issued herein on June 29, 1935, defendant alleges that said writ was issued without notice to him and without a hearing; that the application therefore was made by the plaintiff heedlessly and without any knowledge sufficient to found a belief that the defendant was about to depart quickly from the jurisdiction of this Honourable Court. The defendant had in fact informed the plaintiff that he would not leave the jurisdiction of this Court until the affairs of the Bank, the American-Oriental Finance Corporation, the Raven Trust Company, and the Asia Realty Company were in such shape that the liquidator should consider that the defendant could go from China if he wished. The defendant expressly stated to the liquidator that he would not leave the jurisdiction of this Court at this time because his absence might be misinterpreted by some persons. The said writ was at the instance of the plaintiff served on the defendant at 10 minutes before midnight on June 29, 1935, and said service was harsh and oppressive and in violation of the Plaintiff's rights.

Wherefore the defendant prays that the Bill of Complaint herein may be dismissed at the plaintiff's costs, and the writ of *ne exeat* discharged without prejudice to the plaintiff's right to take such action as he may be advised in respect of any claim for damages in the matter of the alleged wrongful application for the writ of *ne exeat*.

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JULY 25 1935
MUNICIPAL POLICE
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LEGAL SIDE OF A.O.B.C. FAILURE BEING EXAMINED

Many Complications Seen in
Present Position

AMERICAN AUTHORITIES WATCHING CASE

SPECIAL TO THE "N.-C.D.N."

The "North-China Daily News" understands that the American authorities have under active examination the reports received from the Liquidator regarding the affairs of the American-Oriental Banking Corporation and associated companies. Among this material will be the data which formed the basis of Mr. F. L. Hough's statement to the press on Saturday last.

The work involved in ascertaining the legal position is great. Mr. Hough took pains to point out that the American-Oriental Banking Corporation was not constituted so that its operations would come under the control of the United States banking laws. This does not imply that the Corporation's affairs will not come within the purview of American law as a whole, but it does throw light on the complexities involved. In handling a matter of this kind the responsible authorities have to proceed with great caution if justice has to be done. The machinery of the law has to be very carefully studied, and in particular the conditions prevailing in regard to the trading of American companies in China have to be carefully examined. Precedents are not copious.

Legal Aspect Examined

For all these reasons, although the layman may feel impatient, there is no cause to imagine that the responsible authorities are neglectful of their duties. On the contrary, the Liquidator and Auditor and their respective staffs have been zealously unravelling the affairs of the concerns in liquidation. Similarly, the legal staff of the United States in Shanghai is engaged in a thorough investigation of the lines of action which the circumstances suggest should be taken. It is important to realize that, in a sense, the whole matter is *sub judice* and the responsible law officers are, therefore, very properly debarred from making preliminary statements until they are fully equipped with knowledge of the most correct method of procedure to be adopted in conformity with American law.

While, therefore, some time may elapse before further developments are made known, the public can rest assured that the officials charged with these important duties are fully alive to the needs of the situation and are assiduously applying their energies accordingly. It is impossible for these officials at this stage to be more specific, for, let it be repeated, the whole of the case is *sub judice*. They have, moreover, to consider that whatever action is taken it will have to stand the test of judicial review both here and perhaps, in America.

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SHANGHAI POST & MERCURY
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27/7/35

Knotty Points

To The Editor:

Perusal of Mr. Hough's statements appearing in the public press yesterday confirms one's worst fears re the prospect, or rather lack of prospect of creditors recovering anything from the Raven companies. It certainly is not palatable to read of worthless loans, uncollectable loans and loans without security carried as assets in the accounts of the AOBC.

I am sure that all depositors and creditors who stand to lose, would like elucidation on a few knotty points concerning the failure of these companies. Perhaps Mr. Hough despite the fact that he is a very busy man, will spare a few minutes to explain.

Re these "worthless" loans, what is the position of the Bank's auditors who certified the last financial statement before the crash? Can they be held liable in any way for certifying the accounts when the assets are padded with "worthless" items?

Re the several suits filed by Mr. Hough against Mr. F. J. Raven seeking recovery of bonus he collected from his companies, what is the position of the directors of those companies who voted the payments to Mr. Raven? In the several suits against Mr. Raven those bonuses are alleged to be illegal. Are not the directors in an equally vulnerable position for voting and passing such "illegal" payments? Be it remembered that the directors of these companies are all men of standing in this community and if they can be held legally liable in any way for the sorry position of these companies justice demands that they pay for their negligence and mistakes, if not voluntarily then by due process of law. Or is the law as sympathetic to such directors as it is lenient to a company whose accounts can be padded up ad lib. with worthless assets?

There is a further interesting point in connection with directors. There is at least one director of these companies who is of Chinese nationality. Under Chinese law directors are liable for liquidation in full of a company's debts. Can the aid of Chinese law be invoked in the case of this particular individual? or is he protected by reason of the American registry of these companies?

Yours etc.

FLEECED

Shanghai July 22, 1935.

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SHANGHAI REGISTER
S. B. REGISTER
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THE SHANGHAI TIMES, WEDNESDAY, JULY 24, 1931

Amended Complaint Against Former A.-O. Bank Head

Liquidator Discloses That Mr. Raven Received Considerable Salary From Bank Prior To Getting Tls. 135,000 As Honorarium

An amended Bill of Complaint was filed in the United States Court for China yesterday by Mr. Frank L. Hough, Liquidator of the defunct American-Oriental Banking Corporation, in the suit entered at the end of June against Mr. Frank J. Raven, President of the Corporation, for recovery of Tls. 135,000 paid to him on January 13, 1932 as an honorarium by the Corporation.

It is shown in the amended Bill that Mr. Raven was in receipt of

substantial sums as salary prior to the payment of the honorarium. From June 1, 1928 to December 31, 1929, it is stated, he received from the Corporation a regular monthly salary of \$750. During 1930 he received \$1,000 per month and at the end of 1930, in addition thereto, a bonus of \$1,800. During 1931, Mr. Raven's regular monthly salary was \$1,500.

Hence, the Liquidator contends, the Corporation was not obligated to Mr. Raven for any services performed by him. Mr. Raven is therefore obligated, "in equity and good conscience," to immediately repay to the Corporation the sum of Tls. 135,000 received by him.

Knew Bank Was Insolvent
The complaint of the Liquidator is further buttressed by the assertion that, at the time the honorarium was voted and received by Mr. Raven, the American-Oriental Banking Corporation was insolvent and that Mr. Raven knew it to be insolvent.

In addition to the suit for recovery of the Tls. 135,000 paid to Mr. Raven by the American-Oriental Banking Corporation, two further suits for the recovery of similar sums voted to him by the American-Oriental Finance Corporation and the Asia Realty Company are awaiting trial in the United States Court.

No answer to the complaints has as yet been filed by Mr. Raven. As soon as this is done, it is expected that a date will be set for the hearing of the actions.

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G. J.

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THE LIQUIDATION

The Creditors of the American Oriental Banking Corporation will derive small comfort from the statement issued on Saturday by Mr. Frank L. Hough who was appointed Liquidator of that Corporation and its associate concerns on June 3 by order of Judge Milton J. Helmick. The Corporation, on May 24, in announcing its decision to close its doors and apply to the Court for Liquidation, declared that the business depression was responsible for the closure and that, in the opinion of the Directors and Officers,

it would be in the best interest of the depositors to liquidate the bank at this time when it is believed that all depositors in an orderly liquidation will receive 100 per cent. of the deposits.

In the light of the disclosures now made by the Liquidator this statement appears to have been based on excessively optimistic views. Within ten days of his appointment Mr. Hough, on June 13, issued a preliminary review of the state of the accounts of the American Oriental Banking Corporation, the American Oriental Finance Corporation and the Raven Trust Company as shown by the books on May 23, the last day of business and as compiled by Mr. Henry S. De Vault, the certified public accountant who was appointed to assist the Liquidator on June 5 and took over charge on June 6. That preliminary statement showed that the affairs of the three companies were much interlocked and involved. Its presentation was accompanied by comments which suggested that the Liquidator took a gloomy view of the position. On June 29, it was announced that a writ of *ne exeat* had been filed in the U. S. Court against Mr. F. J. Raven who was also made the subject of a bill of complaint filed in the same Court by the Liquidator in respect of certain moneys. The Court prescribed a security of U.S. \$20,000 to cover the writ of *ne exeat*; that security was duly furnished by the joint and several guarantee of three American citizens on July 1. Meanwhile Judge Milton J. Helmick was called by judicial duty to Peiping, whence he returned last week. Now the Liquidator has made the further statement which appeared in this journal yesterday.

Briefly that statement, after refuting the notion that the failure could in any way be attributed to the silver policy of the American Government, summarized the position of the three concerns. The American Oriental Banking Corporation was declared to have carried as assets loans to affiliated companies which "were worthless." The condition of the three companies was described as having been "for several years unsound" and Mr. Hough felt that "liquidation would have been forced even if general business conditions were good." Mr. Hough proceeded to add "The Raven Trust Company will have little, if anything, to offer to the creditors" and "The Finance

Corporation presents a problem and very little be available to the creditors." Within the next two months the Liquidator expects to be able to issue Mr. De Vault's analysis of the exact position of the three companies. The work of liquidation is exceedingly complicated, by the peculiar circumstances of the companies' organization and by the prevalent market conditions. It is evident that both the Liquidator and the Auditor are tackling the problem with expedition and zeal. It is re-

grettable to think that their labours, as far as can be judged from these statements, are not likely to bring much material relief to a large number of unfortunate victims of this unhappy disaster.

This is not the time to attempt the formulation of definite conclusions regarding the causes which led to this failure. To begin with the complete statement of figures which will be forthcoming in Mr. De Vault's analysis, is essential to such an endeavour. Then it will be realized that certain proceedings are pending in various courts. It is almost impossible satisfactorily to draw deductions or form opinion on the statements now made without appearing, in some degree, to be prejudicing those proceedings. Mr. Hough's statement deserves, however, the compliment of notice in certain respects. It disposes summarily—and, as this journal all along has insisted, rightly—of the contention that the silver purchase policy of the United States of America should bear some of the blame for the plight of the Raven companies. Where the blame actually lies it is neither fitting nor possible at this juncture to say. It is obvious, however, that even the most purblind critic of Washington's silver programme cannot find material for his comfort here. Mr. Hough also makes it clear that the American Oriental Banking Corporation has no special American characteristic, beyond its registration, the nationality of its President and the jurisdiction under which its operations come by reason of its extraterritorial status. Here this journal would reiterate the view expressed when this casualty was first reported:

This difficulty should be met in an international spirit. Nationalities are of no account. . . . What may happen to the Utopian Shanghai-lander to-day may quite easily overcome the Laputan Shanghai-lander to-morrow.

Those words were written without knowledge of the facts since brought to light in the course of liquidation. They still remain as deserving of attention, in view of Mr. Hough's remarks. Under the direction of a competent and independent Judge, Mr. Hough and his colleague are carrying out a delicate and difficult task. They have behind them the complete confidence of Shanghai business men and they can be trusted to do their duty, unpleasant or pleasant, in fulfilment of their obligations to the creditors and to the laws of the country which they have sworn to serve.

SHANGHAI REGISTER
S. B. REGISTER
No. D 6748
Date 22/7/35

PREVENTION FOR THE FUTURE

THANKS to Mr. Frank L. Hough, liquidator for the Raven enterprises, the public has been enlightened on their true state of affairs. Though hopes for appreciable recovery of funds invested in or deposited with these institutions are cruelly shattered, a timely realization of actualities may help soften the edge of disappointment which would otherwise grow keener in direct proportion to prolonged anxious waiting on the part of investors and depositors.

The frank criticism by Mr. Hough of the mismanagement of Mr. Raven's companies, as reported in this journal yesterday, is deserving of official attention both in Nanking and in Washington. It is not our intention to constitute ourselves judge and jury over the legal battles now being staged in the United States Court for China, but sufficient revelation has been made by Mr. Hough to warrant a general demand for a much-needed investigation of enterprises similar, in nature if not in conduct, to the crumbled Raven edifices. Particularly pertinent is his pointed comment on the American-Oriental Banking Corporation which may be quoted here to good profit:

I often hear the bank referred to as an American bank, but it is true that the bank happened to be established by an American, but it was not in any way affiliated with any bank in the United States to the extent that its operations would have been controlled by United States Banking laws. Without a doubt, thousands of people entrusted their money to the bank with this impression in mind.

The impression which the ill-informed public had the misfortune to have created in its collective mind was undoubtedly the protection which was presumably obtainable from the periodic examinations of the bank by competent American authorities. If such an impression still persists, it may be dispelled by Mr. Hough's observations:

The American-Oriental Bank could have thrown a United States bank examiner out of the doors had they desired, because they were not operating under any law compelling them to submit to bank examination. There was nothing to compel them to write off worthless loans. If a company owing the bank money had gone bankrupt years ago, they could keep the loan on the books and balance it against liabilities.

A study of Mr. Hough's statement would seem to indicate that, though mismanagement may be primarily responsible for the ruin of the Raven interests, the failure of the American government in providing safeguards for public institutions incorporated under American laws but operating in foreign lands is much to be regretted.

The closure of the Chinese-American Bank some years ago and the collapse of the Wing On Finance (China) Co., last year, almost on the very eve of its birth, should have awakened in

official circles a special sense of responsibility in view of the existence of extraterritoriality and consular jurisdiction in China.

The American government may not feel duty-bound to examine American banking corporations conducted in countries whose governments may exercise the power of jurisdiction over them and enforce laws which may assist in the protection of public welfare. Here in China the Chinese government cannot control local American banks, and the American government does not care to control them. The public, relying through ignorance upon American protection, is merely placing itself at the mercy of private scruples or their absence instead.

The present *laissez faire* policy has caused incalculable hardship not only to the Chinese and Russians but to many Americans as well. While it avails little to cry over spilt milk, much may be done to prevent recurrences in other quarters in order to uphold the good name of the American community. Surely legal ingenuity which has seldom been found wanting in the technical evasion of legislative enactments may be readily sought for the worthy cause of doing justice to public confidence in America and American enterprises.

It may be suggested, for instance, that American public institutions operating in China and Hongkong only may be subjected to periodic examinations by local American officials. The investiture of authority is a matter to be left to Washington's decision, but the principle at issue is beyond dispute. In the interest of the sound institutions, a clean bill of health should be the highest recommendation to continued confidence.

Should the American government be deterred, by political or juridical considerations, from pursuing this manifestly urgent and desirable course, there remains only the choice between ordering the dissolution of American institutions over which the American government exercises no control and agreeing to their submission to Chinese jurisdiction. Obviously it would be neither dignified nor just for Uncle Sam to permit the use of American's name in vain.

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23 JULY 1935

LIQUIDATOR OF A.O.F.C. PLEADS A CHECKMATE

Debtors, Willing to Repay, Find Collateral is
Re-hypothecated with Other Banks

VERY LITTLE AVAILABLE FOR CREDITORS

Impossible to Gain Possession of Securities:
Raven Trust Co. Loss Will be "Terrific"

IN an official statement yesterday, Mr. Frank Hough, liquidator of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Co., laid stress on the fact that very little would be available for creditors in the finance corporation. Those who owed money to the American-Oriental Finance Corp. he said, while willing to pay upon the return of the securities they had as collateral, would not do so because it is impossible for the liquidator to gain possession of the securities, which have been re-hypothecated with other banks.

The liquidation of the three Raven companies is proceeding under great difficulties Mr. Hough said. The present condition of business in Shanghai and in the rest of China is not the great obstacle to be overcome. It is the internal conditions of the three companies and the mismanagement of the affairs for several years back. Statements have been made to the press by those who controlled the destinies of the enterprises to the effect that the frozen assets when thawed out would be sufficient to pay the creditors 100 per cent. Why such a statement should be made by those who should have been intimately familiar with the real condition of the three companies is hard to understand, unless it was meant to ease their own position for the time being in Shanghai.

Take the Bank, for example, he said. A fairly large percentage of the loans outstanding, which were carried as assets, were loans to affiliated companies, which the officials must have known were worthless. Many loans have been carried on the books of the Bank as assets, which, if ordinary business judgment had been used, would have been written off several years ago as uncollectable and worthless. Many such loans had no security backing and of many of those that had the security was worthless. To attribute the failure of the three companies to bad business conditions or the Roosevelt silver policy was stretching a point. The condition of the three companies had been for several years unsound, Mr. Hough said, and he feels from what he has seen that liquidation would have been forced even if general business conditions were good.

Time and Patience Necessary

The staff employed in the liquidation are working hard to unearth facts and figures and trace back for some years various items in an effort to uncover assets which can be turned into cash. Such work takes time and patience. He is conscious of the fact that the interested creditors and the public are anxious to know the truth, but, when it is considered that it has taken some years for the three companies to work themselves into the position which caused the officials to apply for liquidation, it will be realized that the work of liquidation will be finished in a short space.

He often heard the Bank referred to as an American bank. The Bank happened to be a bank established in Shanghai by an American, but it was not in any way affiliated with any bank in the United States to the extent that its operations would have been controlled by United States banking laws. Without a doubt, thousands of people entrusted their money to the Bank with this impression in their minds.

The liquidation of the Tientsin branch of the Bank is progressing rapidly under Mr. Harry A. Lucker, assistant to the liquidator. This branch was much smaller and, from the branch's balance sheets, was in better condition than the home office, with the exception of the Nichols Rug loan account of \$1,000,000. The other outstanding items are being rapidly turned into cash. In fact, a remittance was received in Shanghai soon after Mr. Lucker took charge of \$96,000.

Nothing From Raven Trust

The Raven Trust Company will have little, if anything, to offer to the creditors. Considering the amount of money deposited in the Raven Trust Company by the public in the form of fixed trust certificates, the loss to the creditors will be terrific. The fact that the other companies had operated for some time past on overdrafts in the Bank, amounting to nearly two million dollars, indicates that a great deal of the cash put into the Raven Trust Company and the Finance Corporation was wasted.

The Finance Corporation presents a problem and very little will be available for the creditors. The practice of re-hypothecating with other banks and E. A. Pierce & Co. in New York of customers' securities, even when wholly owned by the customers, placed in the Finance Corporation as collateral against loans or margin accounts, has created a situation that is extremely bad. Those who owe money to the Finance Corporation, while willing to pay upon return of the securities they have as collateral, will not do so because it is impossible for the liquidator to gain possession of these securities, which have been re-hypothecated with other banks. In other words, there is no money in the Finance Corporation for the liquidator to use in paying off the Finance Corporation's obligations to other banks to free the customers' securities they hold as collateral.

Mr. Henry S. De Vault, the auditor, has his organization working in the three companies which are in liquidation, as well as in the Asia Realty Company. The complete statement and analysis of each one of the companies will be given out within the next two months. These statements will show the exact condition of the four companies mentioned.

The following is a condensed summary, prepared by Mr. De Vault, of the approximate manner in which the depositors' and stockholders' money of the Bank was invested at the date of the closing of the Bank:—

LOANS AND OVERDRAFTS	
Affiliated and associated companies	\$1,888,000.00
Officers	236,000.00
Automobile companies	2,185,000.00
Rug manufacturing companies	1,100,000.00
Drug dealers	341,000.00
Theatre companies	125,000.00
Silk merchants	650,000.00
Provision merchants, cold storage companies, etc.	569,000.00
Sundry merchants	558,000.00
Individuals and various	2,300,000.00
OTHER ITEMS, NETT	1,150,000.00
Total	\$11,102,000.00

Out of the above approximate total of assets of the Bank to be realized, during the period from the date of the appointment of the liquidator, there has been realized only a sum of \$355,855.20.

Mr. Hough feels sure that a review of these figures will show that business conditions locally and the Roosevelt silver policy have little, if anything, to do with the condition created within the three companies due to the policy of the management.

Liquidation Expenses

Comparing the expense of the liquidation with the normal pay-roll of the three companies when they were operating, it will be seen that expenses are being held down to a minimum compatible with the type of work being done. The following is a schedule of the monthly expenses of the three companies, also the pay-roll of the three companies before liquidation:

DURING OPERATION	
American Oriental Banking Corp.	\$18,000.00
American Oriental Finance Corp.	10,600.00
Raven Trust Company	3,250.00
Total	\$31,850.00

DURING LIQUIDATION	
American Oriental Banking Corp.	\$4,584.00
American Oriental Finance Corp.	3,850.00
Raven Trust Company	1,275.00
Total	\$9,709.00

At the beginning of the liquidator's work, it was necessary to retain a number of employees of the three companies in order to facilitate the work of the auditing and securing detailed information. As the work progresses, the liquidator's pay-roll will diminish.

With regard to the monthly expenses of the three companies during liquidation, Mr. Hough further said that the sum of \$9,709 includes the compensation to Mr. De Vault and his staff. No compensation has as yet been arranged for Dr. George W. Seillett, the liquidator's counsel, and the amount to be awarded him for his services will not be fixed by Judge Helmick until the liquidation is complete. Similarly, nothing has yet been said regarding Mr. Hough's compensation, although a figure probably will be arrived at by the Judge when the liquidation is finished. "Should there be anything left," he concluded.

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SHANGHAI MUNICIPAL GOVERNMENT
S. B. REGISTRY

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The Shanghai Evening Post & Mercury, Saturday, July 13, 1935

Two Years Needed To Liquidate Bank

**A.-O.B.C. Collections
Will Require Time,
Mr. Hough Says**

Probably two years or more will be required for liquidation of the American-Oriental Banking Corporation, and at the present time it is quite impossible to say when an initial payment to depositors can be made.

These disheartening tidings were obtained this morning from Mr. Frank L. Hough, liquidator for the bank and two other Raven properties, who intimated that the more he went into the bank's affairs the worse they seemed. The general public, he feared, still entertains false hopes which facts as now apparent do not justify.

Makes No Estimate

"It's a mess," he said. "There is no way that I can make an estimate as to when the depositors will get something—I wish I could. Some of the loans have proved absolutely hopeless and others will require a great deal of time for any appreciable collections."

"The situation has proved a great surprise. When I came in, with \$6,700,000 in loans outstanding and not counting obligations from the other Raven companies which I immediately counted out of consideration, it seemed reasonable to assume that a call of these loans would bring in at least \$400,000 or \$500,000 the first month. Ten per cent the first month would not have been unreasonable, in fact."

No Short Cuts

"As a matter of actual fact we got in just \$53,000 the first month, and that gives some idea of the state of affairs. It is an abnormal situation within Shanghai's general abnormal situation."

There seems no way, under the circumstances, to shorten a somewhat drawn-out liquidation period, Mr. Hough made clear. On the other hand, he hopes that the other companies, especially the Raven Trust, can be liquidated sooner and he sees no special obstacle in the way of this.

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SHANGHAI MUNICIPAL POLICE
 S. B. REGISTRY
 No. 6748
 Date 5/7/35

THE SHANGHAI TIMES, FRIDAY, JULY 5, 1935

A.-O.B.C. LIQUIDATION

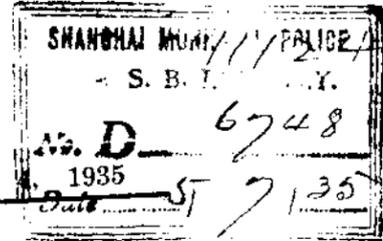
Editor,
 THE SHANGHAI TIMES

Sir,—Through the courtesy of your columns, I wish to express my views to all depositors in the A.-O.B.C. with the object of uniting in one common cause to recover the largest amount of our deposits.

It seems to me that depositors should be chiefly interested in the collections of the \$6,775,435.75 owned by firms in Shanghai, and the \$1,299,762.85 owned by firms in Tientsin. Why are such firms allowed to continue business when up to the present time they are paying back so little on their loans. It would be better to foreclose on them and get only 30 per cent. through liquidation of these firms, than allow them to continue business indefinitely and let depositors keep hoping they will repay their loans at some uncertain future date. Thirty per cent. recovery from this total of loans in Shanghai and Tientsin would be \$2,700,000.00 roughly. There is \$1,015,436.71 due from Asia Realty which, we are told by the liquidator, is fully covered by mortgage on the bank building in Shanghai. About \$2,000,000.00 can be recovered from other Shanghai and Tientsin assets such as "Advances against bills for collection," "Bills Purchased," "Bills Discounted," "Customers Accentances," "Due from Compradore," "Home office account" "Cash Receivable," "Investments" and "Accounts Receivable." All the above, added together, makes a total recovery of \$5,700,000.00, in other words, a sure 80 per cent. return for depositors (deposits in Shanghai and Tientsin total approximately \$7,000,000.00). Therefore in the interest of all depositors, why not make sure of 30 per cent. recovery from all large outstanding loans by foreclosure on such firms, instead of waiting two or three years for them to repay 50 per cent. (???) of their loans. During these two or three years of waiting, funds in the bank will surely be reduced by liquidation expenses running into several hundred thousand dollars. If, however, the liquidator guarantees that he will be able to collect more than 30 per cent. of the entire lot of loans by allowing firms to continue business, thereby ensuring 100 per cent. return for depositors during the course of the two or three years waiting, then he would show great wisdom in allowing these firms to carry on—not otherwise.

"WATCHFUL DEPOSITOR."
 Tientsin, July 2, 1935.

July 1935
[Signature]



Liquidator Files Two New Suits Against Mr. Raven

"Wrongful And Fraudulent" Receipt Of A Sum Of Tls. 135,000 From The Asia Realty Company Alleged In Complaint

Alleging that his receipt and retention of a sum of Tls. 135,000, voted to him as an honorarium by the Asia Realty Company Federal Inc. U.S.A., is "wrongful and fraudulent," Mr. Frank L. Hough, Trustee of the Company, yesterday filed with the United States Court for China a suit against Mr. Frank J. Raven in which repayment of that sum is demanded, plus interest at the rate of six per cent. per annum from January 13, 1932 to the date when repayment is made.

A further suit, instituted in his capacity as Liquidator of the American-Oriental Finance Corporation, was filed by Mr. Hough, demanding the return of a similar sum paid by that Corporation to Mr. Raven, also as an honorarium.

These two suits, added to the suit previously filed by Mr. Hough as Liquidator of the American-Oriental Banking Corporation, demanding the return by Mr. Raven of the Tls. 135,000 voted to him as an honorarium by that institution, bring the total claims against the defendant to the sum of Tls. 405,000. Hearing on all three suits will take place when Judge Milton J. Helmick returns from North China.

The Complaint

The complaint in the suit filed by Mr. Hough yesterday as Trustee of the Asia Realty Company reads, in part, as follows:—

"At a meeting of the Board of Directors of the Asia Realty Company Federal Inc. U.S.A. held at Shanghai, China, on January 13, 1932, at which time defendant was a Director and Chairman of the Board of Directors of the said corporation and controlled said corporation . . . and at which meeting all of the directors, excepting defendant, were present, a resolution in the following words and figures was unanimously adopted:

"Resolved that in view of the long and faithful service performed without salary or other compensation by Frank J. Raven as President, Manager and Promoter of the Asia Realty Company, an honorarium of One Hundred Thirty-five Thousand Taels (Tls. 135,000) be voted to him in recognition of work well and faithfully performed and

"Be it further resolved that the Treasurer be authorized to make this entire payment at once; and to write off from the books of this Company over a period of six (6) years, or fewer, One Hundred Thirty-five Thousand Taels (Tls. 135,000); the amount to be written off in the year 1932 to be Thirty-five Thousand Taels (Tls. 35,000); and the amount to be written off in any one year thereafter to be

governed by the net profits accruing to this Company during this period.

And at the next meeting of said Corporation held at Shanghai, China, on February 10, 1932, at which meeting defendant was present, the minutes of the first mentioned meeting of January 13, 1932 were read and approved.

"On January 16, 1932, pursuant to the aforesaid resolution adopted on January 13, 1932, Asia Realty Company Federal Inc. U.S.A. paid to defendant and defendant received from it the sum of Sh. Tls. 135,000, being equivalent to \$168,811.18, Chinese currency.

Monthly Salary

"For a long period of time prior to January 13, 1932 defendant received from and was paid by Asia Realty Company Federal Inc. U.S.A. a regular monthly salary covering services rendered to said corporation and during the calendar year 1931 the regular monthly salary paid by said corporation to defendant and received by him was Two Thousand Dollars (\$2,000), Chinese currency per month, and at the time the aforesaid sum of Sh. Tls. 135,000 was received by defendant, Asia Realty Company, Federal Inc. U.S.A. was not indebted or otherwise obligated to defendant and defendant then and there knew that said corporation was not obligated to defendant for any services performed by defendant, and thereupon and by reason of the foregoing defendant was and became obligated in equity and good conscience to immediately repay to the said corporation the sum of Sh. Tls. 135,000.

"Since the payment of the aforesaid sum of Sh. Tls. 135,000 by the said Asia Realty Company Federal Inc. U.S.A. to defendant, the said sum of Sh. Tls. 135,000 has been due and owing by defendant to the said corporation and although complainant has demanded of defendant payment of said money, defendant has failed and refused to pay the same or any part thereof to the said corporation, and defendant is now indebted to said corporation in the sum of Sh. Tls. 135,000, and defendant's receipt and retention of the last aforesaid moneys is wrongful and fraudulent in that at the time said moneys were received by defendant all salary and other compensation due him had already been received by him."

File 114

TWO MORE SUITS AGAINST MR. F. J. RAVEN FILED

Return of Honoraria Voted by A.O.F.C. and Asia Realty Co. Sought by Liquidator

TIENTSIN A.O.B.C. MAY PAY 50 PER CENT.

Bringing the total amount of the claims against Mr. Frank J. Raven to Tls. 405,000, two further bills of complaint, each for Tls. 135,000, were filed with the U. S. Court for China by Mr. Frank Hough, liquidator, on behalf of the American-Oriental Finance Corporation and the Asia Realty Co., yesterday afternoon.

In the case of the Asia Realty Co.'s bill of complaint, it is charged that the defendant's receipt and retention of the money, voted him as a honorarium for "long and faithful services performed without salary or compensation," was "wrongful and fraudulent," inasmuch as for some time prior to the passing of this resolution, Mr. Raven had been receiving a monthly salary of \$2,000, which he continued to receive after the resolution was passed and the money given him.

Mr. Raven will not be served with a writ of *ne exeat*, preventing him from leaving the country, as was done in the case of the American-Oriental Banking Corporation, as the one writ will be quite sufficient to hold him within the court's jurisdiction.

The A. O. F. C.'s Claim

The bill of complaint filed by the liquidator of the American-Oriental Finance Corporation is, almost word for word identical with that filed on behalf of the American-Oriental Banking Corporation.

At a meeting held on January 17, 1932, at which all the directors and Mr. Raven, were present, the following resolution was passed:—

Resolved that in view of the long and faithful services performed without salary or other compensation by Frank J. Raven as President, Manager, and Promoter of the American Oriental Finance Corporation, an honorarium of One Hundred and Thirty-five thousand Taels (¥135,000), be voted to him in recognition of work well and faithfully done; and

Be it further resolved that the Treasurer be authorized to make this entire payment to the said Frank J. Raven at once; and to write off from the books of this company over a period of six (6) years, or fewer, One Hundred and Thirty-five thousand Taels (¥135,000), the amount to be written off for any one year thereafter to be governed by the net profits accruing to this company during that period.

As in the case of the Bank, the liquidator alleges that when Mr. Raven received this money, the defendant knew that the corporation was insolvent; an order is requested in the amount of Tls. 135,000, together with interest at the rate of six per cent. per annum from January 19, 1932, to the date when payment shall be made by the defendant.

Asia Realty's Payment of Salary

The bill of complaint filed by the Asia Realty Co., however, differs somewhat, inasmuch as it alleges that although a resolution worded similarly to that of the other two companies was passed, the defendant in this case was in receipt of a monthly salary, on which nothing was due, or owing.

The resolution, which was passed at a meeting of the board of directors, at which the defendant was not present, on January 13, 1932, ran as follows:—

Resolved that in view of the long and faithful services performed without salary or other compensation by Frank J. Raven as President, Manager, and Promoter of the Asia Realty Co., Fed. Inc., U.S.A., an honorarium of One Hundred and Thirty-five thousand Taels (¥135,000), be voted to him in recognition of work well and faithfully done; and

Be it further resolved that the Treasurer be authorized to make this entire payment to the said Frank J. Raven at once; and to write off from the books of this company over a period of six (6) years or fewer, One Hundred and Thirty-five thousand Taels (¥135,000), the amount to be written off in the year 1932 to be Thirty-five thousand Taels (¥35,000), and the amount to be written off in any one year thereafter to be governed by the net profits accruing to this company during that period.

The defendant, continues the bill of complaint, was present at the next meeting of the board of directors, on February 10, 1932, when the minutes of the meeting of January 13 were read and approved. The complaint continues that "for a long period of time next to January 13, 1932" Mr. Raven received and was paid by the Asia Realty Co. a regular monthly salary covering all services rendered to the corporation; during 1931, his regular salary was C.\$2,000 per month, and at the time the Tls. 135,000 was paid over the Asia Realty was not indebted to the defendant.

"Wrongful and Fraudulent"

Paragraph 8 of the bill of complaint continues:—

Since the payment of the aforesaid sum of S. Tls. 135,000 by the said Asia Realty Co., Fed. Inc., U.S.A., to defendant, the said sum of Tls. 135,000 has been due and owing by the defendant to the said corporation and although complainant has demanded of defendant payment of the said moneys defendant has failed and refused to pay the same

or any part thereof to the said corporation, and defendant is now indebted to the said corporation in the sum of Tls. 135,000 and defendant's receipt and detention of the last aforesaid moneys is wrongful and fraudulent in that at the time said moneys were received by defendant all salary and other compensation due him had already been received by him.

The Court is asked to make an order in the amount of Tls. 135,000, together with interest at the rate of six per cent. per annum from January 16, 1932, to the date when payment shall be made by the defendant. It is alleged defendant knew the company was insolvent at the time.

Court Proceedings Later

Court proceedings by the three companies against Mr. Raven will not take place for another week or so, as Judge M. J. Helmick is still in Tientsin, engaged on a number of cases.

Regarding the Tientsin branch of the bank, Mr. Hough said yesterday that a certain amount of money had been received from that office. If the total amount outstanding could be received, he said, depositors would easily be able to receive fifty cents in the dollar. It was aiming one's hopes rather high, he intimated, however, to expect anything like the full amount owing to be received.

Nothing, he said, could be expected from the liquidation of the American-Oriental Finance Corporation's branch in Hongkong, as that branch came under the jurisdiction of the British Court, which would naturally appoint its own liquidator. A similar state of affairs existed with regard to the company's offices in Manila.

Meanwhile, work is proceeding at a hard pace in the liquidator's office here. To-day is July 4, America's National Holiday, but "it will be just the same as any other Thursday to us," said Mr. Hough, laughingly. Office equipment, such as fans, typewriters, etc., are being sold off individually or in lots, as fast as possible, the appraiser having put a fair second-hand price on them, he said.

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2 More Suits Will Be Filed Against Raven

Hough To Start New Actions This Morning In United States Court

Questioned Honorariums All Total \$405,000

Two more suits will be filed against Mr. F. J. Raven, former president of the American-Oriental Banking Corporation, in the United States Court for China this morning.

This is according to a statement made by Mr. Frank L. Hough, liquidator of the defunct bank, yesterday following a conference with Dr. George Sellett, legal adviser to the liquidator.

The conversations between Mr. Hough and Dr. Sellett occupied most of the afternoon. The session came to an end about 5 p.m., and a few minutes later Mr. Hough stated the two additional suits contemplated for some time would definitely be filed.

The actions to be filed this morning will be additional and similar to the one filed against Mr. Raven last Saturday, in which the return of a bonus of Tls. 135,000 granted to the banker in 1932 by the board of the American-Oriental Banking Corporation was asked.

In both cases, it is understood, the amounts will be approximately the same, while one of the honorariums in question was that voted Mr. Raven by the board of the Asia Realty Company. The other bonus involved was one granted the financier by the American-Oriental Finance Corporation.

When the business of filing the additional suits has been completed this morning, the total amount requested from Mr. Raven by the liquidator will be approximately Tls. 405,000.

Filing of the two suits today will not involve further writs *ne exeat* to insure Mr. Raven's presence within the jurisdiction of the court since the first writ, served Saturday shortly before midnight, is deemed adequate to cover the whole situation. Under the terms of the first writ, Mr. Raven was required to post a bond of U.S. \$20,000. This was accomplished late Monday afternoon, four guarantors having been obtained by the ex-banker to sign the bond.

Suits against other leading debtors are now being prepared, Mr. Hough said yesterday, and it is expected that a few of these will be signed this week. In the meantime, the routine work of liquidation is proceeding, slowly perhaps, but making progress. All means possible to turn the bank's assets into cash are being utilized, even to the selling off of the furniture that is not needed by the liquidators.

Overhead costs of liquidation are being reduced as rapidly as possible, the staff constantly dwindling in number as the need for detailed assistance passes.

SHANGHAI MUNICIPAL POLICE	
S. B. REGISTER	
No. D	6748
Date	3 1 7 35

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MUNICIPAL POLICE
S. B. REGISTRY
No. S. B. D. 11075
Date

BANK PRESIDENT SUED BY LIQUIDATOR

Mr. F. L. Hough Files Action Against Mr. F. J. Raven for Return of Tls. 135,000 Honorarium

CHARGES CONCERN WAS INSOLVENT

Writ Preventing Defendant Leaving Jurisdiction of Court Issued: U.S. \$20,000 Bond

DEMANDING the instant return of Tls. 135,000 from Mr. F. J. Raven, former President of the American-Oriental Banking Corporation, and holder of similar high positions in the American-Oriental Finance Corporation, Asia Realty Company, and Raven Trust Company, a bill of complaint was filed with the U.S. Court of China on Saturday by Mr. F. L. Hough, official liquidator of the Bank.

"I am suing him," Mr. Hough said yesterday, "to return this Tls. 135,000 to use for the creditors."

Further, shortly before midnight on Saturday, Mr. Raven was prevented from leaving this country by a writ of ne exeat also filed by Mr. Hough, who alleged that Mr. Raven "designs quickly to depart from the Republic of China and the jurisdiction of this Court." The writ was endorsed by Judge M. J. Helmick, who set the security to be submitted by Mr. Raven at U.S. \$20,000. Mr. Raven stated yesterday that he had no intention of leaving.

HEAD OF A.O.B.C. SURPRISED OVER ORDER FOR BOND

Had No Intention of Leaving Shanghai, Says Mr. Raven

HONORARIUM ACCEPTED AFTER LEGAL ADVICE

Mr. F. J. Raven yesterday afternoon received newspapermen who called on him at his home, 555 Hungjao Road, and for half an hour answered questions concerning the affairs of the Raven Trust, American Oriental Finance Corporation, and the American Oriental Banking Corporation.

Mr. Raven said he was surprised that the U.S. Court had issued a writ forbidding him to move from Shang-

At 6 p.m. yesterday it was learnt from Mr. Faupel that Mr. Raven had not produced the bond of U.S. \$20,000. Mr. Faupel said, however, in view of the fact that it was a Sunday and naturally difficult for Mr. Raven to raise the necessary security, he had decided to stay any further action until Mr. Raven was given the opportunity of furnishing the bond to-day.

He stated that Mr. Arthur Peterson, Deputy Marshal of the U.S. Court of China, would be staying at Mr. Raven's residence, 555 Hungjao Road, during the night.

Resolution Passed By Board

The actual wording of the resolution passed by the Board of Directors of the American-Oriental Banking Corporation on January 13, 1932 which Mr. Hough says shows that the bank must have been insolvent at the time, reads as follows:—

Resolved that in view of the long and faithful services performed without salary or other compensation by Frank J. Raven as President, Manager, and Promoter of the American-Oriental Banking Corporation, as honorarium of One Hundred and Thirty-five thousand Taels (T135,000), he voted to him in recognition of work well and faithfully done; and

Be it further resolved, that the Treasurer be authorized to make this entire payment to the said Frank J. Raven at once, and to write off from the books of this company over a period of six years, or fewer, One Hundred and Thirty-five thousand Taels (T135,000), and the amount to be written off in the year 1932 to be Thirty-five thousand (T35,000), and the amount to be written off in any year thereafter to be governed by the net profits accruing to this company during this period.

In an interview with the press, Mr. Hough drew attention to the following facts, that "Tls. 135,000 was to be paid at once to Mr. Raven." "that the sum was to be written off the books of the bank over the period of six years," "that at that time the bank did not owe him (Mr. Raven) any money," all of which went to show that the bank was insolvent at that time and, in his opinion, Mr. Raven must have been aware of the situation.



Mr. F. J. Raven

File 119

nal, as he had never intended to leave the port. The bond required by the U.S. Court, he said, will definitely be furnished, probably to-day. Mr. Raven refused to disclose the name of his guarantor.

Questioned regarding the honorarium of Tls. 135,000 given him by the American Oriental Bank in January 1932, Mr. Raven said that this amount had been properly voted, that he accepted it after taking legal advice, and that he was convinced that the concern was solvent at that time, as well as subsequently. As regards the amortization of the amount in the books of the bank over a period of six years, Mr. Raven said this was simply a matter of book-keeping and that he did not see anything strange in it. He was not an accountant; the bank's manager was a good accountant, and the bank employed a good firm of auditors to examine the books.

Frozen Accounts

When the American Oriental Bank closed, Mr. Raven hoped and thought that it would pay 100 per cent., and he still thinks that it can pay this, although it may take years. The bank, he said, in common with many other banks in Shanghai, had large frozen accounts; where other banks can draw on their head offices abroad, however, the A.O.B.C. cannot, its head office being in Shanghai.

Should business improve, the frozen accounts might be liquidated more rapidly, but should there be no improvement, it would take a long time. As the Raven Trust holds shares in the American Oriental Finance Corporation, which in turn holds shares in the A.O. Bank, the accounts of the first two depend on the last, Mr. Raven continued.

One more question was asked Mr. Raven, whether he personally had owed money to the Raven Trust. He denied this and said that, on the contrary, he had put all he could into the Trust, as it had "harder sledding" than the other concerns as it largely depended on these latter.

Further Actions Impending

Mr. Hough said that at about the same time the American-Oriental Banking Corporation passed a resolution granting Mr. Raven a bonus of Tls. 135,000, bonuses of similar amounts were granted to him by both the American-Oriental Finance Corporation and the Asia Realty Company.

Both of the two latter concerns, the American-Oriental Finance Corporation and the Asia Realty Company, would be bringing similar proceedings against Mr. Raven in the near future, Mr. Hough continued.

Another fact revealed by Mr. Hough yesterday was that the American-Oriental Banking Corporation was originally chartered in Connecticut as a trading company under another name. When, however, the office was opened in Shanghai it did banking business.

"The Raven Trust Company is in a terrible position," Mr. Hough mentioned during his interview, "and I cannot see that there is going to be anything." Regarding the American Finance Corporation Mr. Hough said that there was a lot of money involved but "whether it belongs to me," he added, "I do not know."

Everything possible was being done so that creditors and depositors of the bank should benefit, Mr. Hough said. He paid a tribute to the loyal work of Mr. H. S. de Vault, certified public accountant under his direction, and finally he mentioned that there was still an enormous amount of work to be done before things were straightened out.

The order he had asked for in his bill of complaint Mr. Hough said, reading from a copy of the bill of complaint, which he held in his hands, "that the defendant (Mr. Raven) pay to complainant the sum of \$188,811.18, which is the value equivalent to Sh. Tls. 135,000, together with interest at the rate of six per cent. from January 13, 1932, to the date when payment shall be made."

Court Proceedings Later

Court proceedings, Mr. Hough said, would be the outcome of his filing the bill of complaint, but nothing was likely to take place for the next fortnight because Judge Helmick, who made the necessary order for security on the writ of *ne exeat* on Saturday, left for Peiping yesterday afternoon. Afterwards he is proceeding to Tientsin, where a number of cases are to come before him, and it will probably be a fortnight before he is back again in Shanghai.

11085

"NE EXEAT"

The filing of a writ of ne exeat in the U.S. Court and the presentation of a bill of complaint against Mr. E. J. Raven constitute a further stage in the investigation of the affairs of the American-Oriental Banking Corporation under the liquidation proceedings. Developments will be awaited with interest. The immediate cause of the action taken was a desire to ensure the presence of Mr. Raven within the jurisdiction of the U.S. Court while the affairs of his companies were under investigation, for apparently, information of his intention to leave Shanghai for the United States somehow reached Mr. F. L. Hough, the Liquidator. Mr. Raven has now stated that no such intention was entertained by him. However that may be, the proceedings now taken should help to clarify the position, on which, manifestly, there is some difference of opinion. The Liquidator has clearly been able to unravel the accounts with considerable rapidity, judging from the information which he has now made public. Mr. Hough makes no secret of the fact that to this result the services of Mr. H. S. De Vault, an auditor of acknowledged eminence, have greatly contributed.

11089

Four Prominent Americans Give Bond For Mr. Raven

Amount Deposited Just Before Dead-Line Fixed
By U.S. Marshal; Signatories Each
Responsible For U.S. \$20,000

At 4.55 p.m. yesterday, just five minutes before the dead-line set by the Marshal of the United States Court, a bond was posted with the Court for the sum of U.S.\$20,000 as surety for the continued presence here of Mr. Frank J. Raven, president of the defunct American-Oriental Banking Corporation, who was threatened with incar-

ceration in the event of his failure to find the stipulated surety.

Those signing the bond were Mr. C. H. French, Chairman of the American Chamber of Commerce and Vice-President of Messrs. Andersen, Meyer & Co., Ltd.; Mr. George A. Fitch, General Secretary of the Foreign Y.M.C.A.; the Rev. Charles L. Boynton of the National Christian Council, and Dr. A. M. Dunlap.

The four signatories assumed responsibility, jointly and severally, for the total amount of the bond, which will be forfeited in the event that Mr. Raven should depart from the Republic of China or the jurisdiction of the United States' Court. This means that any one of the signatories may be called upon to pay up the full amount, should Mr. Raven leave.

Final Formalities

Formalities in connection with the posting of the bond were carried out in the office of Mr. Edward L. Faupel, United States Marshal. It took the Marshal a full hour to satisfy himself as to the qualifications of the signatories. When this was done, signatures were appended to the documents and Mr. Raven, who attended throughout the proceedings, walked out of the Court building a free man once more.

In addition to the signatories and Mr. Raven, those who were present included Mr. Feltham Watson, U. S. District Attorney, Dr. George SeBett, legal adviser to the Liquidator of the American-Oriental Banking Corporation, and Mr. Cornell S. Franklin, attorney to Mr. Raven.

Terms Of Order

Mr. Raven was required by an order of the United States Court to furnish bail or security in the sum of U.S.\$20,000 following a complaint lodged by Mr. Frank L. Hough, Liquidator of the Raven companies, charging that he had received from the American-Oriental Banking Corporation, in 1932, an honorarium of Tls. 135,000 while the concern was insolvent and unable to meet its liabilities. Repayment of this sum is demanded by the Liquidator.

The complaint was lodged with the Court on Saturday evening and was served on Mr. Raven at his Hungjao Road residence a few minutes before midnight, together with a Court order requiring him to put up bail or security. Over the week-end and until the bond was posted, Mr. Raven was kept under close surveillance by the Marshal of the U. S. Court and his deputy.

Hearing on the complaint will not take place for at least another two weeks, and possibly longer, since Judge Milton J. Helmick is now in North China, holding sessions of the U. S. Court in Peiping and Tientsin.

SHANGHAI MUNICIPAL POLICE
S. H. REGISTRY

THE CHINA PRESS, MONDAY, JULY 1, 1935

Raven Placed In U.S. Court Custody, Must Post Bond, Stay Here

F.J. Raven Denies Trip Planned, Says Writ A Complete Surprise

**"No Intention Whatsoever Of Leaving," Head
Of Defunct Bank Tells Reporters; Declares
Nothing Unusual In Payment Of Bonuses**

"I never had any intention whatsoever of leaving Shanghai and I was most surprised to be served with the writ restraining my leaving." Mr. Frank J. Raven, former head of the now-defunct American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company, told press representatives yesterday afternoon at his home at 555 Hungjao Road.

Mr. Raven on Saturday was placed in the custody of the U.S. Court for China by Judge Helmick following a bill of complaint filed by Mr. Frank L. Hough, liquidator of the three institutions, and must post a bond of U.S.\$20,000. The bill of complaint alleges that a bonus of \$135,000 was paid by the bank to Mr. Raven in 1932 at which time the bank was alleged to be insolvent.

"The honorarium mentioned in the bill of complaint," Mr. Raven said, "was properly voted and I accepted it with legal advice. It was passed unanimously at a directors' meeting."

No Intention Of Leaving
"I have no intention of leaving Shanghai. I have nothing to run

away from. I expect to stay here for some time," the ex-president remarked.

In answering questions, Mr. Raven said that the U.S. \$20,000 bond required in Judge Helmick's writ would probably be posted today. He would not reveal who was arranging the bond and ridiculed rumors that it was being arranged by Mr. C. V. Starr.

Commenting on the closing of the three concerns, Mr. Raven said that he is still of the opinion that all three are solvent. He had stated when the bank closed that he sincerely hoped that the depositors and creditors would be paid in full and he still believed such payment will be possible, though it may take many years. The three companies have millions of dollars in frozen accounts, he remarked.

Others Said In Same Boat
Other banks in Shanghai, Mr. Raven said, are in the same condition that the American-Oriental Banking Corporation was at the time of its failure. Only these banks are able to draw funds from head offices in other cities while the American-Oriental Bank, with its head office in Shanghai, was unable to do so, he continued.

In regard to the payment of the bonus in 1932, Mr. Raven said that the fact that it was to be written off over a period of six years did not in his opinion indicate that the bank was insolvent, as is alleged by the liquidator. Such a procedure of payment, he said, was ordinary and natural.

The accounts of the bank, he continued, were left in the hands of Mr. J. Kleffel, manager, and the auditors, and he had nothing to do with them. "I am not an auditor," he said. "The accounts of the bank were audited yearly by competent auditors. If they would have found something wrong, such as insolvency, certainly they would have commented upon it."

Wanted To Help Out
Questioned as to the allegation that he had in 1932, shortly after receiving bonuses from the American-Oriental Bank, the American-Oriental Finance Corporation, and the Asia Realty Company, totalling about \$405,000, transferred the sum to the Raven Trust Company to pay a personal debt which allegedly had suddenly appeared on the books of the Raven Trust Company, Mr. Raven said that he had no personal debts with the Raven Trust Company. "On the contrary," he remarked, "I constantly put my own funds into the company as 'gifts.' When the Raven Trust Company had tough sledding, I tried to help it out."

In answering a concluding question, Mr. Raven said that the American-Oriental Banking Corporation was organized as an ordinary corporation under the laws of Connecticut but that its charter included the right of carrying on of banking business in addition to ordinary business trading.

Mrs. Raven and three daughters are in Heidelberg, Germany, where the latter are attending school.

*File
July
1 JULY 1935*

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Helmick Issues Writ Requiring Ex-Bank Head To Remain In China; Hough Files Complaint

U.S. Trip Was Said Contemplated; Payment Of Bonus, Insolvent Bank Condition Is Alleged

Mr. Frank J. Raven, former president, manager, and promoter of the now-defunct American-Oriental Banking Corporation, the Raven Trust Company, and the American-Oriental Finance Corporation, which failed on May 24, was placed under the custody of the U.S. Court for China and is restrained from leaving Shanghai following the serving of a writ *ne erant* in equity issued Saturday by Judge Milton J. Helmick of the U.S. Court for China.

Judge Helmick issued the writ following receipt of a bill of complaint filed with the U.S. Court Saturday by Mr. Frank L. Hough, liquidator of all three concerns, and was served on Mr. Raven Saturday at 11:50 p.m. by U. S. Marshal Edward L. Faupel at Mr. Raven's home, 555 Hungjao Road. Mr. Raven is required to post a U.S. \$20,000 bond and told a CHINA PRESS reporter that he expected to do so today. A bond of \$2,500 required by Mr. Hough has already been posted.

Mr. Hough's bill of complaint alleges that the American-Oriental Banking Corporation was, with the knowledge of Mr. Raven, insolvent at the beginning of 1932 and that on January 13, 1932, the bank directors authorized the immediate payment of a bonus of Tls. 135,000 to Mr. Raven, the sum to be written off over a period of six years. Mr. Raven is therefore said indebted to the bank for Tls. 135,000, and Mr. Hough desires payment with 6 per cent per annum interest on \$188,811.18, the equivalent sum in Chinese dollars.

Mr. Hough yesterday said that he did not know at present whether similar action might be taken against other Raven officials but that he intended filing two more bills of complaints against Mr. Raven within the next few days for two bonuses of Tls. 135,000 each received by him from the American-Oriental Finance Corporation and the Asia Realty Company in 1932.

Text Of Writ Given

The text of the writ issued to the U.S. Marshal by Judge Helmick, who left yesterday for Peiping, follows in part:

"Whereas . . . amongst other things . . . defendant is greatly indebted to said complainant and designs quickly to depart from the Republic of China and the jurisdiction of this Court, as by oath made on that behalf appears, which tends to the great prejudice and damage of the said complainant therefore, in order to prevent this injustice, I hereby command that you do, without delay, cause the said F. J. Raven . . . personally to come before you and give sufficient bail or security in the sum of U.S. \$20,000, that the said F. J. Raven will not go or attempt to go into parts beyond the Republic of China and the jurisdiction of this Court, without leave of this Court. And in case the said F. J. Raven shall refuse to give such bail or security, then you are to keep him in your safe custody until he shall do it of his own accord."

Deadline Today

The original deadline for the posting of Mr. Raven's bond was set for yesterday but in view of the banks being closed on Sunday, it has been set at about 5 p.m. today, Mr. Faupel, U. S. Marshal, told a CHINA PRESS reporter last night. If the bond is not posted, Mr. Raven will be placed in the Amoy Road Jail. A U. S. Court official has been posted at Mr. Raven's home on 555 Hungjao Road since the writ was served.

In a press interview yesterday in the now-darkened offices of the American-Oriental Bank of Nanking Road, Mr. Hough revealed a complete picture of the reasons behind his bill of complaint.

He stated that Mr. Raven paid a call to him on Saturday and voiced his intention of leaving for the United States via Manila and that he had advised against it. "But I thought he might leave," Mr. Hough said.

Auditors Praised

Continuing, Mr. Hough said that he has been serving as a liquidator, with the aid of Mr. Henry De Vault and his staff of auditors, to whom he gave high praise, for a month and had only started to get a complete picture of the inner workings of the three defunct corporations. In addition to the Tls. 135,000 bonus voted by the bank, Mr. Hough pointed out that the American-Oriental Finance Corporation and the Asia Realty Company also voted identical bonuses to Mr. Raven within the same few days, the three bonuses totalling Tls. 405,000. Shortly afterwards the balance sheet of the Raven Trust Company disclosed a sum of about Tls. 450,000 as an asset in the form of a personal debt due from Mr. Raven. The books showed that this sum had been paid within a month or two afterwards, he said.

"This strikes me as a most peculiar co-incidence," Mr. Hough declared. "And within the next few days I intend to file similar bills of complaint and applications for writs *ne erant* in regard to the two bonuses paid Mr. Raven by the American-Oriental Finance Corporation and the Asia Realty Company." Mr. Hough added that the resolutions in regard to the three bonuses are identical with the exception of the company names, even including the phrase "without compensation" though he was paid by at least one of the two other companies.

"The remarkable thing about the resolution is that it shows that the bank was insolvent in 1932," Mr. Hough said. "If the bank was solvent and desired to vote a bonus, it is most natural that it would pay the bonus at once and write it off at once and not over a period of years. It is interesting to note that the bonus resolutions on January 13, 14, 15, or thereabouts in 1932, were unanimously carried, that is, with the participation of Mr. Raven as well as the other officials."

"At first the 1931 Raven Trust balance sheet appear such that Mr. Raven did not owe the company money. Then it appears that on January 16-17, 1932, Mr. Raven owed it about Tls. 405,000. I believe the books of the company were reopened after they were closed to include this item. Shortly afterwards and after Mr. Raven had been paid Tls. 405,000 in bonuses, this approximate Tls. 405,000 debt was paid into the Raven Trust Company."

Commenting on the general progress of the liquidation, Mr. Hough stated that he was just beginning to get a picture of the three companies and that it would take months more of laborious auditing to get into further roots of various transactions. In regard to the payment of Raven Trust creditors, Mr. Hough said: "Frankly, I don't see that anybody will get anything. . . It is difficult to say about the finance corporation, there are so many ramifications and many millions of dollars involved. It will take many months to get a better picture."

Has Big Overdraft

Mr. Hough also revealed that besides the bonuses totalling about T495,000, Mr. Raven has an overdraft in the American-Oriental Bank of about \$60,000. "It is true that Mr. Raven lost every cent of his overdraft when the bank failed," Mr. Hough stated.

Commenting on the bank's method of making loans, Mr. Hough said that it appeared as though the bank never had a loan committee but that the final say about loans probably rested in one or two high officials of the bank. The branch of the American-Oriental Bank in Tientsin issued a loan to the now-defunct Nichols Rug Company of almost \$1,000,000. Despite the fact that it allegedly seemed apparent that the company might fail, this loan was carried for some time as an asset on the books of the bank, Mr. Hough said.

Mr. Hough also remarked that while under the laws of Connecticut the corporation papers of the institution entitled it to conduct banking, its charter primarily inferred that the corporation was a trading company. If such a corporation were operating in Connecticut, many of the practices here probably would not have been permitted to occur, the liquidator remarked.

Concluding, the liquidator said that many bank depositors had been writing him asking about possibilities of payment. Several missionaries had been writing in, many who had large accounts in the bank, telling pathetic stories of their circumstances. "I am doing my best," Mr. Hough said, "only I wish I had more to show for it. If I could say that I could pay 60 or 70 per cent, then I would be doing something. At the present time, at least, I can't say that."

11067

Text Of Hough's Complaint

The text of the bill of the complaint filed last Saturday by Mr. Frank L. Hough, liquidator of the Raven interests, to Judge Milton J. Helmick of the U. S. Court for China, follows in full:

Your orator, Frank L. Hough, as liquidator of The American-Oriental Banking Corporation brings this bill of complaint against Frank J. Raven, and hereupon your orator complains and says:

1. The aforesaid The American-Oriental Banking Corporation is a corporation organized and existing under and by virtue of the laws of the State of Connecticut, United States of America, and for more than 10 years last past has maintained offices and carried on a banking business in Shanghai, China, and Tientsin, China, and nowhere else, and is subject to the jurisdiction of this Honorable Court.

2. On May 27, 1935, the said The American-Oriental Banking Corporation filed a bill in equity in the above entitled court (in the Matter of the Liquidation of The American-Oriental Banking Corporation, Cause No. 3870, Civil No. 1813) praying for the appointment of a liquidator to take over all of its assets and business for the purpose of liquidating the same, and upon hearing said bill in equity your orator, Frank L. Hough, a citizen of the United States of America residing at Shanghai, China, was by order of this Honorable Court on the 3rd day of June, 1935, appointed liquidator of The American-Oriental Banking Corporation, and your orator, Frank L. Hough, is now the duly appointed, qualified and acting liquidator of said corporation, and the business and affairs of said corporation are now being liquidated by your orator.

3. The defendant is a citizen of the United States of America residing at Shanghai, China, and now is and for more than 10 years last past has been a director and president of the aforesaid The American-Oriental Banking Corporation.

4. During all of the period of 10 years last past defendant has controlled said The American-Oriental Banking Corporation by reason and virtue of the fact that during said period defendant has owned and controlled a majority of the voting stock of Raven Trust Company, Federal Inc. U.S.A. (a corporation), which last named corporation now owns and controls and during all of said period owned and controlled a majority of the voting stock in The American-Oriental Finance Corporation, Federal Inc. U.S.A. (a corporation), which last named corporation now owns and controls and during all of said period owned and controls a majority of the voting stock in the said The American-Oriental Banking Corporation.

5. The American-Oriental Banking Corporation is now insolvent in that its liabilities are greater than its assets and at all times between the 31st day of December, 1931, and the present time the said corporation has been insolvent.

6. At a meeting of the board of directors of the said The American-Oriental Banking Corporation held at Shanghai, China, on January 12, 1932, at which time defendant was a director and president of the said corporation and controlled said corporation in the manner aforesaid, and at which meeting all of the directors, including defendant, were present, a resolution in the following

words and figures was unanimously adopted:

"Resolved, that in view of the long and faithful service performed without salary or other compensation by Frank L. Raven as president, manager and promoter of The American-Oriental Banking Corporation, an honorarium of One Hundred Thirty-five Thousand Taels (\$135,000.00) be voted to him in recognition of work well and faithfully performed; and

Be It Further Resolved, that the Treasurer be authorized to make this entire payment to said Frank J. Raven at once; and to write off from the books of this company over a period of six (6) years, or fewer, One Hundred Thirty-five Thousand Taels (\$135,000.00); the amount to be written off in the year 1932 to be Thirty-five Thousand Taels (\$55,000.00) and the amount to be written off in any one year thereafter to be governed by the net profits accruing to this company during this period."

And pursuant to the aforesaid resolution on January 13, 1932, The American-Oriental Banking Corporation paid to defendant and defendant received from it the sum of Sh\$135,000.00, being equivalent to \$188,811.18, Chinese currency.

7. At the time the aforesaid sum of Sh\$135,000.00 was received by defendant, The American-Oriental Banking Corporation was not indebted or otherwise obligated to defendant and defendant then and there knew that said corporation was then and there insolvent and that its assets were insufficient to meet its liabilities and obligations to its depositors and creditors and thereupon and by reason of the foregoing defendant was and became obligated in equity and good conscience to immediately repay to the said corporation the said sum of Sh\$135,000.00.

8. Since the payment of the aforesaid sum of Sh\$135,000.00 by the said The American-Oriental Banking Corporation to defendant, the said moneys have been due and owing by defendant to the said corporation and defendant has failed and refused to pay the same or any part thereof to the said corporation, and defendant is now indebted to said corporation in said sum of Sh\$135,000.00.

Wherefore your orator prays that a decree and order be entered herein—

1. That defendant pay to complainant the sum of \$188,811.18, Chinese currency, which is of value equivalent to Sh\$135,000.00, together with interest at the rate of six per cent per annum for the 13th day of January, 1932, to the date when payment shall be made by defendant;

2. And that complainant may have such other and further relief in the premises as the circumstances of the case may require and as to this Honorable Court may seem just and proper.

And your orator as in duty bound will ever pray.

11025
MUNICIPAL POLICE
B. G. GISTRY.
6748
Date 28 6 35

A-O LIQUIDATION

Inquiries made regarding the liquidation of the American-Oriental Banking Corporation have elicited the information that the Liquidator and his staff are proceeding steadily with the work of investigation and there is a definite intention to press this process to its logical conclusion. The work is, of course, being conducted under judicial direction for the Liquidator, Mr. F. L. Hough, has been appointed by express orders of the United States Court. Mr. Hough authorizes this journal to reaffirm his purpose of bringing the affairs of the concerns in question into the full light of publicity in due course. It must be understood that the proper examination of the books and accounts is a labour of some magnitude and it is essential that full and accurate details should be marshalled before statements can be made in complete elucidation of the position. Mr. Hough is preparing to take the necessary action for the recovery of sums due to the Corporation in order that the requirements of liquidation may be fulfilled as promptly as possible.

File
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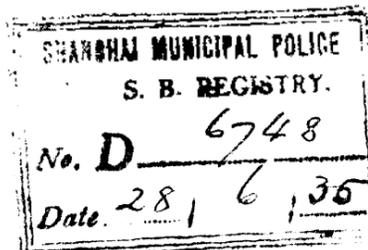
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THE NORTH-CHINA DAILY NEWS, WEDNESDAY, JUNE 26, 1935.

AUDITING of the accounts of the Tientsin branch of the American Oriental Banking Corporation was nearing completion on June 22, according to Mr. Harry A. Lucker, Tientsin representative of Mr. Frank L. Hough, liquidator appointed by the U.S. Court for China to liquidate the bank and its affiliates. "Liquidation is taking place as rapidly as the audit advances," Mr. Lucker said. "Already we have started releasing articles in safekeeping. By Monday we will be clearing inward bills and making demands for outstanding loans and overdrafts. Notice will be given later as to the time and manner of filing claims against the Tientsin branch of the A. O. B. C.," he said, indicating that the claims would be filed later in Tientsin rather than Shanghai. Mr. Lucker emphasized the fact that no figures of financial statements could be issued regarding the Tientsin branch because it is being liquidated as part of the general organization. "There is only one liquidator, Mr. Hough, and I am acting only in the capacity as his representative in Tientsin," Mr. Lucker said. The auditing is being done in Tientsin by Mr. Emil S. Fisher, who is representing the Shanghai auditor, Mr. De Vault.

Q. W.

11044



Statement Of Tientsin A-O Bank Issued

**Northern Branch Shown
To Be In Better Con-
dition Than Parent
Institution; Loans Less**

**Cash On Hand, \$57,000;
Deposits, \$1,497,076**

That the Tientsin branch of the American-Oriental Banking Corporation was in better position than the Shanghai bank is reflected in a statement issued yesterday afternoon by Mr. Frank L. Hough, liquidator of the bank and other Raven interests now in liquidation.

For one thing, there was more cash on hand, the total for cash and cash items being \$57,591.47. The loans and overdrafts totaled only \$1,299,762.85. Inasmuch as yesterday's statement shows the bank position at the close of business on May 23, Mr. Hough is of the opinion that the figure for loans and overdrafts will probably prove much lower when deeper examination is made into the affairs of the branch.

The total book resources of the branch on May 23 are placed at \$2,162,192.12, while the total liabilities, including deposits, amount \$1,853,159.65. Deposits amount to \$1,497,076.76.

North Branch More Liquid

Although the figure listed under cash and cash items is \$57,591.47, it is not yet known just how much of this sum was actual cash. In the local bank statement, the sum stated was a little more than \$17,000 and upon further investigation, it was discovered that the actual amount of cash was not much more than \$7,000 and that a considerable portion of the cash items listed old American-Oriental banknotes, out of circulation and worthless, which were still carried on the books of the corporation. It is believed, however, that the Tientsin branch will show a much better record for cold, hard cash than the Shanghai concern.

While the statement on the affairs of the Tientsin branch shows a better position than that which existed in Shanghai when the corporation closed its doors, the fact still remains that \$57,591.47 in cash and cash items is a very small amount for a bank to have on hand, even though its deposits are only approximately a million and a half, it was pointed out.

Full Statement Given

The complete statement of the Tientsin branch follows:

THE AMERICAN-ORIENTAL BANKING CORPORATION

Statement of Resources and Liabilities of the Tientsin Branch as shown by the books of that Branch at the close of business May 23, 1935.

RESOURCES

Loans and Overdrafts	\$1,299,762.85
Cash and Cash Items	57,591.47
Due from Banks	47,947.22
Home Office Account	116,840.93
Advances against Bills for Collection	208,917.22
Bills Purchased	3,952.28
Bills Discounted	47,604.41
Customers' Acceptances	84,830.99
Accounts Receivable, etc.	18,138.50
Furniture and Fixtures	25,169.21
Customers' Liability under Letters of Credit and other Contra Items	256,636.84
Total	\$2,162,192.12

LIABILITIES

Deposits	\$1,497,076.76
Drafts Outstanding	4,918.19
Due to Correspondents and Banks	10,004.66
A.O.B.C. Circulation Outstanding	20,000.00
Accrued Interest Payable	26,609.16
Other Liabilities	37,914.04
Contra Items	256,636.84
Total	\$1,853,159.65

File
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SHANGHAI MUNICIPAL PUBLIC
S. B. REGISTRY.
No. D 671
Date 22 6 35

THE LIQUIDATION

Mr. F. L. Hough's caustic statement regarding the progress of the collections under the liquidation of the American-Oriental Banking Corporation makes unpleasant reading. Due allowance will at once be forthcoming for those debtors who are so placed that they cannot immediately meet their liabilities. They have a clear course of action which some of them have taken—in a frank statement to the Liquidator who doubtless will take all the relevant facts into consideration in tempering the wind to the shorn lamb. There are obviously others—who are trying to evade their responsibilities in the hope that by some means or other they may stave off the evil day of repayment or make a profitable bargain with the Liquidator. Mr. Hough is standing no nonsense and he will have the warm support of all the Bank's unfortunate creditors in the firm legal action which he proposes to initiate next week in order to bring these debtors to a proper realization of their responsibilities. Incidentally the statement, taken in conjunction with the figures already made public, throws a queer light on the confident assurances given at the time of the Bank's closure. Mr. Hough has evidently a heavy task ahead of him, but he is showing the right spirit of determination. Creditors must feel that when the full implications of the failure have been revealed, appropriate measures will follow.

File
H.G.

10-267
 SHANGHAI MUNICIPAL POLICE
 S. B. REGISTRY.
 No. D 6748
 Date 21 6 1935

Only Meagre Collection Of Loans, Overdrafts And Debts Owed To Raven Cos.

Liquidator Hough Issues First Statement After
 Fortnight's Working And Expresses Extreme
 Dissatisfaction; A Cash Discrepancy

COURT ACTIONS THREATENED IF MORE DEBTORS DO NOT RESPOND

Fresh light was shed on the condition of affairs of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company in statements issued yesterday by the Liquidator, Mr. Frank L. Hough, showing the amount of the collections he has succeeded in making during the two weeks ended June 18. All loans, overdrafts and other debts due to the Bank and its affiliates were called by the Liquidator on June 4, yet the response, as the figures show, has been meagre in the extreme.

Loans and overdrafts due to the American-Oriental Banking Corporation, according to the books of the Bank, amounted to \$6,775,435.73, exclusive of the amounts due by the affiliate concerns. Of this total, the Liquidator has succeeded in collecting only \$32,449.62, or roughly one-half of 1 per cent.

Further collections have been made under other headings, bringing the total amount realized in the two-week period up to \$89,782.80.

Actual cash found in the Bank vault amounted to \$13,527.72, as compared with \$17,541.19, the sum shown in the books as being on hand on May 23, the last day on which the Bank was open for business. The approximate difference of \$4,000, the Liquidator states, is represented by "worthless circulation" found in the vault but carried in the books as an asset. This "worthless circulation," Mr. Hough informed the press, consisted of banknotes of the American-Oriental Banking Corporation itself, which had been out of circulation for some considerable time prior to the Bank's closure.

Finance Corporation

In the case of the American-Oriental Finance Corporation, the Liquidator has succeeded, according to his statement, in collecting \$4,166.92 of the \$178,749.50 due from correspondents. As regards the Raven Trust Company, collections on loans have reached a round \$2,000 out of a total due amounting to \$226,902.82.

Extreme dissatisfaction with the rate at which monies are coming in was expressed by Mr. Hough yesterday. The Liquidator has a staff of about 35 working on the liquidations, and as he expressed it, there is not much more than enough coming in to meet current expenses, which are being kept down to a minimum.

Court Actions

"I intend to take immediate

liquidate their indebtedness. In cases where we get no response we will be obliged to take recourse to legal action for recovery. We intend doing that without delay."

The full statements issued yesterday are as follows:—

American-Oriental Banking Corporation

Statement of collections made in realization of Assets during the two weeks ended June 18, 1935:—

Account	Balance shown	
	Amount Collected	by the books May 23, 1935
Loans and Overdrafts	\$32,449.62	\$6,775,435.73
Bills Purchased	30,422.48	235,974.57
Advances on Bills for Collection	9,188.02	252,972.33
Customers' Acceptances	12,787.12	802,449.77
Accounts Receivable, etc.	4,521.51	45,276.51
Miscellaneous	413.99	
Total	\$89,782.80	

Cash found in Vault . . . \$13,527.72 \$ 17,541.19

Note:—The difference of approximately \$4,000.00 between the amount shown above as taken from the vault and the amount shown on the asset statement as prepared from the books represents that amount of American Oriental Banking Corporation worthless circulation carried as an asset.

American-Oriental Finance Corporation Fed. Inc., U.S.A.

Statement of Collections made in realization of Assets during the two weeks ended June 18, 1935:—

Account	Balance shown	
	Amount Collected	by the books May 23, 1935
Due from Correspondents	\$4,166.92	\$178,749.50

Raven Trust Company, Fed. Inc., U.S.A.
 Loans Receivable . . . \$2,000.00 \$226,902.82

HENRY S. DE VAULT,
 Certified Public Accountant,

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Court Action Is Planned Against A.O.-Bank Debtors

Preparation of court actions against debtors of the American-Oriental Banking Corporation who show no inclination to effect a settlement is likely to start next week "unless there's a sudden deluge of money coming in," it was indicated today by Mr. Frank L. Hough, liquidator.

Indications to date point to drought rather than flood in that respect, it is understood.

"Many of the people with loans and overdrafts have been hammered plenty already, so they're case-hardened," Mr. Hough commented. "We don't like to act in court but we certainly shall when and where it is necessary. I already have a pretty good idea of the main probabilities."

Either tomorrow or Friday a second statement, which Mr. Hough promises will be "extremely interesting," is to be given out by the liquidator and this expected to be highly enlightening as to details of the bank's position. The first statement merely gave the book showing as of the day of closing.

Debtors of the bank take in many nationalities but it is believed that the majority are American so it is likely that the bulk of the suits will be filed in the U.S. Court for China.

Premises of the bank in Tientsin have been taken over by Mr. Harry A. Lucker and Mr. Emil S. Fischer, who has been appointed Tientsin representative of Mr. Henry Devault, now conducting the Shanghai

audit, has started an audit of the Tientsin branch in conjunction with Mr. Lucker.

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20 JUNE 1935

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RARE COLLECTION OF OLD COINS IN A.-O. BANK VAULT

Only Cash Currency Found:
Face Value of \$7,389

BIG DEBTORS PAYING LIABILITIES SLOWLY

A rare collection of old coins, of the face value of \$7,389.65, was disclosed as the entire cash currency assets on hand when the liquidator opened the vaults of the American-Oriental Banking Corporation at 29 Nanking Road. This collection included sen pieces, Hongkong dollars, U.S. ten-cent pieces, various other foreign money, and slightly more than 1,000 silver dollars. Approximately \$10,000 worth of cheques for collection made up the remainder of the \$17,541.19 in cash and cash items listed as assets by the bank on its books.

The above interesting disclosure was made by Mr. Frank L. Hough, the liquidator appointed by the U.S. Court, yesterday afternoon, who said that the funds now repose in a special liquidator's account at the Chase Bank.

Following the publication of the statement of the Raven companies assets and liabilities, Mr. Hough stated that he had received numerous telephone calls and that the general concensus of opinion expressed was that "the situation seemed even worse than it had looked before." He added:—"I am now getting down to the cold facts, and I don't care about the romance of how it happened. I just want to know how much money we can realize on outstanding loans and what we are going to do."

Mr. Hough intimated that some of the items listed as assets on the bank's books were "not worth a nickel," and that many should be removed as assets.

Sitting at his desk in his shirt-sleeves, Mr. Hough declared that he had spent a busy day sending chits to the bank's debtors, trying to realize cash on outstanding loans. He stated that the smaller debtors who owed in the neighbourhood of between four and five thousand dollars were paying in full at once, although those who owed the bank sums as large as \$50,000 were paying as little as \$5,000 on account.

Even as he talked, he received a cheque for \$6,000 from one debtor. He told an interesting tale of a Shanghai missionary whose entire life savings were in the bank, and who also had an overdraft of \$9,000.

"Although this man was going home on his first long leave in 15 years and had children at home in college, he insisted on paying us the amount of the overdraft before his departure. It simply means that this man must start all over again."

The liquidator announced that only small salaried employees of the three bankrupt companies had received salaries. Department heads must wait until money is available, and officers must wait until the very last. "Employees," he said, "will be paid 100 per cent. the first of all, according to their legal rights."

"We are getting a real and legal picture of the situation now that the bank's books have been closed, and we are expending all our energies in getting in as much cash as possible," said Mr. Hough in pointing

out that the money is pretty well out in loans. He also pointed out that the bank building is owned by the Asia Realty Company and the bank has a mortgage on it. He estimated that this particular piece of property should bring in at least one million dollars.

Mr. Hough and his staff, which includes Mr. Henry S. De Vault, auditor, and the latter's assistants, now are checking securities. As soon as this is worked down to condensed form, Mr. Hough said that the liquidator's offices would be moved from the bank premises.

SHANGHAI MUNICIPAL
S. B. REGISTRAR

No. D 6748

Date 17 6 1935

Handwritten signatures and initials.

SHANGHAI MUNICIPAL 406
S. B. REGISTRY
No. D 6748
Date 15/6/35

THE SHANGHAI TIMES, SATURDAY, JUNE 15, 1935

Depositors Amazed At Cash Shortage In A.-O. Bank

Work Involved In Detailed Audit Will Take Considerable Time, Liquidator Asserts; Thorough Checking Is Now Necessitated

Depositors and others whose funds are tied up in the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company were unpleasantly shocked by the revelation yesterday of the position of the affairs of the three Raven Companies, Mr. Frank L. Hough, liquidator, informed press representatives yesterday. As Mr. Hough phrased it: "They thought the position was bad, but not that bad."

Mr. Hough revealed that following publication of the financial statements of the three companies, he had been the recipient of numerous telephone calls from in-

terested inquirers who are as ever to get some idea as what it will be possible to salvage from the recent shipwreck of the Raven interests.

The work of a detailed audit, requiring the thorough checking and valuation of assets, has now been embarked upon, Mr. Hough said. But the true position of the companies, as reflected in audited balance sheets, will not be known for at least another two months. The financial statements published yesterday merely reflect the position of the Raven companies according to their own books at the date of their closure on May 24.

Small Sum In Currency

In the statement of the American-Oriental Banking Corporation cash on hand at the date of closing was shown as amounting to \$17,541.19. But it now transpires that actual currency found in the vaults of the Bank amounted to only \$7,389.65. The remaining \$10,000 was in cheques, payment of which was stopped in many cases by the drawers when they heard of the bank crash. Mr. Hough said he was now collecting on these cheques.

Progress is also being made, Mr. Hough revealed, in the collection of outstanding loans. Persons and firms with relatively small overdrafts, he said, were proving to be the best payers.

When the preliminary work in connection with the liquidation has been carried through, and the whole job reduced to more manageable proportions, Mr. Hough plans to remove the offices of the liquidator from the premises the offices of the involved concerns at 29 Nanking Road to much cheaper premises.

The Raven building, he said, is owned by the Asia Realty Company. The building, together with the land on which it stands, is understood to be valued at over \$1,000,000.

File
J.H.S.

JUN 17 1935

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A.O. BANK FIGURES ARE MADE PUBLIC

**Resources of \$11,376,437, Liabilities \$7,772,407:
Capital Stock Outstanding \$2,575,301**

THE OFFICIAL ACCOUNTANT'S SUMMARY

With only the terse comment that they were not the liquidator's idea of conditions, but merely what the books showed at the close of business on May 23, 1935, Mr. Frank L. Hough, liquidator for the Raven companies appointed by the U.S. Court for China, late last night issued statements concerning assets and liabilities of the American-Oriental Banking Corporation, American-Oriental Finance Corporation and the Raven Trust Company. The statements, long-awaited by depositors, shareholders and the Shanghai public in general, and compiled by Mr. Henry S. De Vault, certified public accountant, reveal many interesting figures which will be gone over with a fine tooth-comb by Mr. Hough, the auditor, and his staff.

The resources of the American-Oriental Banking Corporation, according to the books, total \$11,376,437.76, while liabilities are listed at \$7,772,407.69 with capital stock outstanding at \$2,575,301.19.

At a quick glance at resources listed in the statement given in full below, students of finance may grasp the rather important point, i.e., the resources show a sum of nearly \$1,900,000 is owed to the bank by associated companies but no details are given concerning the \$6,775,435.73 owed by "others." This is interesting in view of the fact that the associated companies by their own request for liquidation are known to be in difficulties and what may be reclaimed from "others" is unknown until further details can be produced.

The statement also brings to light that other resources include a sum of \$113,210.49 due from the compradore \$45,276.54 in accounts receivable and \$17,541.19 in cash and cash items. Furniture and fixtures, listed as resources, total \$114,623.95.

The American-Oriental Banking Corporation's complete statement follows:

Statement of Resources and Liabilities as shown by the Books of the Corporation at the close of business May 23, 1935 (Expressed in Shanghai Dollars).

Resources:	
Loans and Overdrafts:	
American Oriental Finance Corp., Federal Inc. U.S.A.	\$ 167,185.37
Asia Realty Co., Federal Inc. U.S.A.	1,015,436.71
Raven Trust Co., Federal Inc. U.S.A.	704,994.19
Others	6,775,435.73
Cash and Cash Items	17,541.19
Due from Compradore	113,210.49
Due from Correspondent and Branches	178,749.50
Advances against Bills for Collection	252,972.33
Bills Purchased	235,974.57
Bills Discounted	37,528.72
Customers' Acceptances	302,449.79
Investments	35,927.17
Furniture and Fixtures	114,623.95
Accounts Receivable, Etc.	45,276.54
Contra Items:	
Customers' Liability under Letters of Credit	558,087.42
Bills Receivable for Collection	298,421.33
Travellers Checks on Hand	22,622.78
Total	\$ 11,376,437.76

Liabilities:	
Deposits	\$ 5,818,121.98
Drafts in Transit	398,320.80
Due to Correspondents and Branches	523,438.25
Other Liabilities	276,797.35
Accrued Interest Payable	70,597.78
Contra Accounts:	
Bank's Liability under Letters of Credit	558,087.42
Bills Receivable for Collection	298,421.33
Travellers Checks	22,622.78
Total	\$ 7,772,407.69

Capital Stock Outstanding \$ 2,575,301.19

How involved the associated companies are in their difficulties is brought out in the statement of the American-Oriental Finance Corporation which lists as assets \$24,950.70 in cash in the American-Oriental Banking Corporation and only \$443.52 in cash in other depositories. Investments totalling \$5,732,388.43 and listed as assets are tied up in the Raven companies, including the Asia Realty Company, with the exception of \$1,391,852.82 listed in "others." Furniture, fixtures, and a motor car are assets to the sum of \$47,590.39, notes receivable, including those from the Asia Realty Company, Raven Trust Company, American-Oriental Banking Corporation and \$478,443.23, from "others," total \$1,134,113.17. Total assets of the American-Oriental Finance Corporation are shown on the books to be \$15,784,205.27, with liabilities totalling the sum of \$10,628,003.23. In this corporation, capital stock outstanding is \$4,334,140.00.

The complete statement follows:—
Statement of Assets and Liabilities as shown by the Books of the Corporation at the close of business May 23, 1935 (Expressed in Shanghai Dollars).

Assets:	
Cash:	
American Oriental Banking Corporation	\$ 24,950.70
Other Depositories	443.52
Investments:	
Asia Realty Co., Federal Inc. U.S.A.	1,938,897.61
American Oriental Banking Corporation	2,235,299.80
American Oriental Finance Corp., Federal Inc. U.S.A.	166,054.50
Raven Trust Co., Federal Inc. U.S.A.	285.70
Others	1,391,852.82
Notes Receivable:	
Asia Realty Co., Federal Inc. U.S.A.	119,219.13
Raven Trust Co., Federal Inc. U.S.A.	429,784.78
American Oriental Banking Corp., Foochow	106,666.03
Others	478,443.23
Customers' Accounts Receivable:	
Foreign Agents	407,434.39
Accounts Receivable	123,550.09
Accrued Interest	45,969.94
Furniture, Fixtures and Motor-car	47,590.39
Securities Held for Clients (Per Contra)	4,814,989.37
Total	\$ 15,784,205.27

Liabilities:	
Notes Payable:	
American Oriental Banking Corporation	165,444.15
Others	537,578.20
Fixed Scrip Receipts Outstanding	
New York Agents	913,530.21
Salaries and Wages Payable	3,296,703.74
Accounts Payable	24,694.14
Marginal Deposits	69,535.74
Accrued Interest Payable	743,396.01
Securities Held for Clients (Per Contra)	62,131.67
Total	\$ 10,628,003.23
Capital Stock Outstanding \$ 4,334,140.00	

Assets of the Raven Trust Company are:—cash: "None" and stocks owned in the American Oriental Finance Corporation, Asia Realty Company, and "others" amounting to \$4,003,698.22. Only \$450,179.27 of this amount of stocks is in "others." Accounts receivable, listed as assets, total \$9,502.62, and a value of \$8,961.97 is placed on the company's law library. This company, according to its books, claims in assets \$5,793,220.81 and in liabilities \$4,475,619.33. There is \$1,353,431.57 in capital stock outstanding.

Below is the full statement:—
Statement of Assets and Liabilities as shown by the Books of the Company at the close of business May 23, 1935 (Expressed in Shanghai Dollars).

Assets:	
Cash: None.	
Stocks Owned:	
American-Oriental Finance Corp., Federal Inc. U.S.A.	\$ 3,451,783.35
Asia Realty Co., Fed. Inc. U.S.A.	101,735.60
Others	450,179.27
Loans Receivable	226,902.82
Due from Trust Estates	128,919.28
Real Estate:	
Shanghai	61,150.18
Portland, Oregon, U.S.A.	29,186.79
Accounts Receivable	9,502.62
Accrued Interest and Dividends:	
Furniture, Fixtures and Motor-car	128,979.27
Library	37,798.26
Deferred Charges	8,961.97
Exchange Contracts (Per Contra)	541.28
Total	\$ 5,793,220.81

Liabilities:	
American-Oriental Banking Corp. Overdraft	\$ 623,018.33
Fixed Trust Certificates Outstanding	2,217,318.37
Mortgages Payable	18,126.89
Loans Payable:	
Asia Realty Co., Federal Inc. U.S.A.	62,928.31
American-Oriental Finance Corp., Federal Inc. U.S.A.	130,511.61
American-Oriental Banking Corporation	78,000.00
Others	15,709.97
Salaries and Wages Payable	3,801.75
Accounts Payable	141,037.83
Marginal Deposit—American-Oriental Finance Corp., Federal Inc. U.S.A.	20,076.30
Accrued Interest Payable	8,229.85
Exchange Contracts (Per Contra)	1,157,580.12
Total	\$ 4,475,619.33
Capital Stock Outstanding \$ 1,353,431.57	

These figures now must be gone through in detail and each item investigated thoroughly, Mr. Hough declared last night. A revaluation will have to be made in many cases, the liquidator said, and some of the questions he will have to answer will be:—

How much is the stock actually worth?
Can the amount in the asset column be realized from the Raven Trust Company's law library?

Just how much of the outstanding accounts can be collected?

Mr. Hough will commence his search for these answers to-day. He intimated that it may take as long as six months before the liquidator's statement of liabilities and assets is ready for release.

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June 13, 1935.

Date _____
Afternoon Translation _____

Shanghai Morning Post (official organ of Gen. Chiang Kai Shek) publishes the following comment on June 13, 1935:-

THE CONFIDENCE OF CHINESE PEOPLE IN FOREIGN BANKS

Chinese people seem to have every confidence in foreign banks and hold the view that they are most reliable because the banks are provided with adequate funds.

We do not hold foreigners in contempt nor are we praising Chinese banks. During the past ten years, many foreign banks have closed. Recently the American-Oriental Banking Corporation went out of business. The closing of these banks caused heavy losses to the Chinese people.

Foreign banks are not subject to supervision by the Chinese Government. Most of the foreign banks which went out of business had failed to refund deposits in full.

The Chinese people should revise their ideas of the reliability of foreign banks, and place more confidence in Chinese banks. As a matter of fact, most of the Chinese banks possess adequate funds and are trustworthy. The Chinese people should deposit their money in Chinese banks as an act of patriotism. This will benefit the Chinese people as well as the nation.

Sin Wan Pao publishes the following comment :-

THE U.S. STATE SECRETARY'S RECENT SPEECH.

Recently Mr. Cordell Hull, Secretary of State of America, delivered a speech denouncing those nations which glorified their military achievement. Mr. Hull said that the tendency of "some nations" to glorify military power or for military authorities to assume the direction of their respective foreign policies in the world would be a prelude to a universal conflagration similar to the world war.

What is meant by "certain nations"? Mr. Hull was undoubtedly hinting at some one.

To speak the truth, Mr. Hull's speech is nothing but "upbraiding of others in the next room". The party reproached may not hear the remarks or if he does, it will not give rise to any feeling. The world is well aware that the glorification of military power is a menace to world peace and the world has been patiently watching the situation from the beginning to the end, without daring to apportion the blame and a section is even resorting to flattery to appease the parties who are glorifying military power.

Sin Wan Pao and other local newspapers (12/6):

COMMEMORATION OF THE SUFFERINGS OF SUN YAT SEN IN CANTON

June 18 being the anniversary of the commemoration of the sufferings endured by the late Dr. Sun Yat Sen following the defeat of his armies in Canton by General Chen Chuin Ming in 1922, the local Tangpu will hold a commemoration meeting at 9 a.m. on that day at its headquarters.

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6747

Position Of A.-O. Bank To Be Disclosed

Balance Sheet Up To
Time Of Closure To
Be Published

**AUDITOR WILL THEN
MAKE EXAMINATION**

**Liquidator Will Make Full
Statement Of Assets At
True Market Value**

A balance sheet reflecting the position of the American-Oriental Banking Corporation as of May 24, the date on which the Bank closed its doors preparatory to liquidation, will be released for publication some time this week, Mr. Frank L. Hough, liquidator of the Bank, told press representatives yesterday.

This balance sheet, based on the showings of the Bank's books, has already been prepared and is now being checked personally by Mr. Henry De Vault, a public accountant employed by Mr. Hough. It is expected that similar balance sheets for the other two Raven companies now being liquidated—the American-Oriental Finance Corporation and the Raven Trust Company—will be ready for publication in the near future, Mr. Hough stated.

The liquidator emphasized that the balance sheet to be published this week will show the position of the American-Oriental Banking Corporation according to the Bank's own books. It will then be the task of Mr. De Vault to carry out a thorough audit. In other words, each item in the balance sheet will have to be verified. Particularly, it will be necessary to check the assets disclosed by the books against the assets as actually found.

Actual State Of Affairs

When this job has been completed, a fresh balance sheet disclosing the actual state of affairs found by the liquidator will be prepared and published. This document will show the Bank's assets at their real market worth, including actual cash on hand.

Mr. Harry A. Luker, receiver for Nichols Super Yarn and Carpets, Fed. Inc., a Tientsin firm and one of the largest debtors of the American-Oriental Banking Corporation, arrived in Shanghai from the North by train yesterday morning to consult with Judge Milton J. Helmick of the U. S. Court for China. He was accom-

panied by his attorney, Mr. A. R. Morrison.

The Nichols Company, which was placed in receivership some time ago at the instance of the American-Oriental Banking Corporation, is understood to be indebted to the latter in a sum said to be in the neighbourhood of \$1,000,000, most of which is secured by mortgages on raw materials.

Another arrival here yesterday morning by train from the North was Mr. William T. Collins, Clerk of the U. S. Court. Mr. Collins' return indicates that the uncompleted sessions of the Court in North China are likely to remain uncompleted for some little time. It is believed that Judge Helmick will not return to complete them until the liquidation of the Raven interests here is well under way.

Mr. Watson's Denial

Mr. Feithan Watson, U. S. District Attorney, said yesterday that he had not authorized the use of his name in connection with a statement issued by the Rev. C. L. Boynton of the National Christian Council last Saturday. This statement purported to contain "Information for Missionary Investors in the American-Oriental Banking Corporation, American-Oriental Finance Corporation and the Raven Trust Company" compiled after a conference with F. J. Raven, II. Sandor, T. F. McCrea, Feithan Watson and George Sellett.

"The first time I saw the statement," Mr. Watson declared, "was when it appeared in one of the local papers. I was not consulted. To the best of my knowledge I have never met the author, Mr. Boynton."

A similar disavowal of Mr. Boynton's statement was made earlier by Dr. George Sellett, attorney for the Bank liquidator, who said he considered it a mistake for Mr. Boynton to make use of his name in such a way as to make it possible for a reader to infer that the statement had his endorsement.

Mr. Boynton stated to a representative of "The Shanghai Times," yesterday that there had been a misunderstanding regarding the use of the word "conference" in his communication, his use of the word being merely intended to imply that he had spoken with certain officials connected with the bank's liquidation.

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Dr. Sellett Disapproves Of Mr. Boynton's Statement

Circular To Missionary Investors In American-Oriental Bank Should Not Have Borne Name Of Liquidator's Counsel; No Conference

The Rev. C. L. Boynton, of the National Christian Council, on Saturday circulated a statement containing "Information for Missionary Investors in the American-Oriental Banking Corporation, American-Oriental Finance Corporation, Asia Realty Company and the Raven Trust Company." The statement purported to have been "prepared by C. L. Boynton of the National Christian Council, after conference with F. J. Raven, H. Sandor, T. F. McCrear, Feltham Watson and George Sellett."

When interviewed yesterday regarding this statement, Dr. Sellett, counsel for the Liquidator, said: "I am not sufficiently informed at this early date to agree or disagree with Mr. Boynton's statement in its entirety. I did not participate in any conference which Mr. Boynton may have held with the other persons mentioned in the circular. On the morning of June 8, Mr. Boynton saw me in the lobby of the American-Oriental Banking Corporation's premises and handed me a typewritten statement of three or four pages and asked me to read it. The statement was substantially in the form of a mimeographed statement, which, I am told, Mr. Boynton circulated that afternoon. After Mr. Boynton and I exchanged a few comments upon it, the statement was handed back to Mr. Boynton and our short conversation ended."

"I consider it was a mistake for Mr. Boynton later to make use of my name in the circular in such way as to make it possible for a reader to infer that the alleged facts and the views and opinions expressed therein had my indorsement. Mr. Hough, the liquidator of the American-Oriental Banking Corporation, American-Oriental Finance Corporation, and the Raven Trust Company and trustee of the Asia Realty Company and his assistants are proceeding with their work as expeditiously as possible and I am quite sure that as soon as Mr. Hough is in possession of facts, the disclosure of which will be of interest and helpful to the depositors, investors, shareholders and other parties concerned, he will choose an appropriate means to disseminate this information."

Mr. Boynton's Statement

The statement circulated by Mr. Boynton read, in part, as follows:—

"The Asia Realty Company made sacrificial efforts to assist in salvaging the bank and forestalling liquidation, but the money market was so tight that the efforts were unavailing. It is hoped that the trusteeship under the provisions of the recent recovery legislation may relieve the pressure upon the company. In the present state of the investor's mind, there is a tendency to cash all loan certificates upon maturity, whereas normally over three-fourths would be renewed. If this tendency continues, the company would be forced into liquidation to the detriment of the stockholders, whereas under a trustee some type of 'moratorium'

is possible which might enable the company to carry on successfully and salvage all assets."

Continuing further, the statement advises missionary investors or depositors in the three institutions now in liquidation to refrain from seeking legal assistance, since such action would involve said investors in superfluous legal expense. In this connection, the statement adds:

"It may be well, however, to send securities and powers-of-attorney to local missionary representatives to act for out-of-town creditors in order to expedite settlement. Detailed advice will be sent on this point later. The liquidator has full power and his course is rather minutely prescribed by law and he will protect the interests of creditors and debtors alike."

"No funds will be paid out till the accountants make their report on the affairs of the three institutions involved, and they will be paid thereafter as rapidly as funds become available in the order of their legal priority."

Handbook Referred To

At this point, the statement quotes from the Accountants' Handbook where reference is made to bankruptcy cases. The handbook states:

"The security held by those having secured claims is converted into money. Any excess received over the amount of a secured claim goes into the fund available to general creditors. The secured creditor becomes a general creditor for the amount of any deficiency."

"Unsecured claims are paid in the following order:

- 1.—Taxes due.
- 2.—Costs of preserving the property after the petition is filed.
- 3.—Filing fees paid by creditors and costs of reclaiming fraudulently transferred and concealed property.
- 4.—Costs of bankruptcy proceedings.
- 5.—Wages due workmen, clerks, salesmen and servants, which have been earned during the three months prior to filing the petition up to \$300 to each claimant.
- 6.—Debts having priority by laws of the state.
- 7.—Other general claims are paid dividends as the estate is liquidated."

Raven Trust Parent Firm

Concerning the relations of the three institutions in liquidation and the Asia Realty Company, the statement points out that the Raven Trust Company is the parent company and that its common or voting shares are held largely by Mr. Raven and his relatives. Says the statement:

"The principal investments of the Raven Trust Company were in the shares of the American Oriental Finance Corporation. It owned the majority of the shares of the AOFC, which in turn owned the majority of the common shares of the American Oriental Banking Corporation and of the Asia Realty Company. It is apparent thus that in case any of these three is unable to

make any returns on common stock, the prospect of the creditors of the Raven Trust Company receiving anything is correspondingly reduced.

"The solvency of RTC is thus dependent on the solvency of AOFC, which in turn is dependent on the solvency of AOBC and ARCO, but the solvency of AOBC was not dependent upon that of ARCO, nor was ARCO dependent upon AOBC."

"The Raven Trust Company held various 'living' trusts which are not affected by recent events, as in every case specific securities are lodged against each trust, and these securities are not the property of the Trust Company and cannot be dealt with by the liquidator except as he may determine that a new trustee must be found for them."

In conclusion the statement lists the four class of creditors in the order of priority of payment. They follow:

- 1.—Secured creditors (debenture holders, living trusts, etc.).
- 2.—Depositors — current, savings and term (fixed).
- 3.—Preferred shareholders.
- 4.—Common shareholders, whether voting or non-voting.

Alton

Amoy Bank

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
No. S. B. D. 67118
Date 10-6-35

THE NORTH-CHINA DAILY NEWS, SATURDAY, JUNE 8, 1935

A-O BANK AFFAIRS INVESTIGATED

Skeleton Staff Working on Liquidation

DOORS CLOSED AGAINST THE CURIOUS

Within the bare and deserted premises of the American-Oriental Banking Corporation, 29 Nanking Road, which closed its doors just two weeks ago to-day, there exists a semblance of activity.

A skeleton staff is at work with the auditor in preparing a balance sheet and intermittently there is heard the metallic click of automatic adding machines, vibrating throughout the building.

An office once occupied by one of the bank managers has been transformed into headquarters for Mr. Frank L. Hough, the liquidator appointed by Judge Milton J. Helmick of the United States Court. Here he is busy from early morning until late night, holding conferences with his legal adviser, Mr. George Sellett, former U.S. District Attorney, Mr. Henry De Vault, auditor, and others with whom it is important to confer in the interests of liquidation.

On the opposite side of the lobby in the office formerly occupied by Mr. J. Warner Brown, Mr. De Vault has his headquarters. His staff are scattered throughout the various departments.

Several Chinese are stationed in the lobby just to watch things and a guard is stationed at the door to prevent the curious from entering the building.

Visitors Barred

In talking with a representative of the "North-China Daily News" who visited him in his office yesterday, Mr. Hough explained that this step was taken because so many persons had called upon him that he found it necessary to bar all visitors in order to get on with the business of liquidation.

In the course of conversation Mr. Hough also pointed out that he will not make any official statement until he, himself, knows something more of conditions. He said:—

"We are moving slowly and carefully because this must be an orderly liquidation rather than a wrecking."

Just now Mr. Hough is giving the greater portion of his attention to cutting down expenses. He already has cancelled at non-essential services and has removed all rented apparatus not needed. He explained that this was being done "to turn as much into money as we possibly can".

Mr. Hough also revealed the rather surprising fact that it was not until he read it in the newspaper that he knew of his appointment as trustee of the Asia Realty Company. For the present he is centring all his time and attention on bank matters.

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THE NORTH-CHINA DAILY NEWS, FRIDAY, JUNE 7, 1935

***Not Associated with
A.-O. Bank***

In an interview to-day regarding recent rumours that the National City Bank of New York was financially interested in the American-Oriental Banking Corporation, officials of the bank stated definitely that the National City Bank of New York is not and never has been, connected in any way financially or otherwise with the American-Oriental Banking Corporation or any of the Raven interests. The spokesman for the bank further stated: "The National City Bank of New York is not associated with, or sponsor for, any other concern or organization in China."

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10819

Creditors Of Raven Group Given Advice

Long Statement Tells Missionaries What To Do; Workings Of Three Closed Firms Explained

First Payments To Be Made When Accountants Have Completed Check

Under the heading "Information for Missionary Investors in the American-Oriental Banking Corporation, American-Oriental Finance Corporation, Asia Realty Company, and the Raven Trust Company," a long statement prepared by Mr. C. L. Eoynton of the National Christian Council, after conference with Mr. F. J. Raven, organizer of the Raven interests, Mr. Hugo Sandor, manager of the Asia Realty Company, Mr. T. F. McCrea, official of the Asia Realty Company, Mr. Feltham Watson, U.S. District Attorney, and Dr. George Sellitt, former U.S. District Attorney and appointed legal adviser to Mr. Frank L. Hough, liquidator of the three defunct Raven institutions, was issued yesterday to a number of missionaries in the city.

Missionary funds in the organizations The China Press was informed yesterday, total approximately \$3,500,000 exclusive of personal deposits.

Raven Comments

In yesterday's statement, Mr. Raven declares that he has no financial interests outside his own companies, that he withdrew no money whatever from the bank in anticipation of its closing, and has set aside no funds in the name of his wife or children to secure their financial independence, and all he has is at stake in the liquidation of these interests.

With reference to the Asia Realty Company, the statement continues: "The Asia Realty Company made sacrificial efforts to assist in salvaging the bank and forestalling liquidation, but the money market was so tight that the efforts were unavailing. It is hoped that the trusteeship under the provisions of the recent recovery legislation may relieve the pressure upon the company. In the present state of the investor's mind, there is a tendency to cash all loan certificates upon maturity, whereas normally over three-fourths would be renewed. If this tendency continues, the company would be forced into liquidation to the detriment of the stockholders, whereas under a trustee some type of 'moratorium' is possible which might enable the company to carry on successfully and salvage all assets."

Continuing further, the statement advises missionary investors or depositors in the three institutions now in liquidation to refrain from seeking legal assistance, since such action would involve said investors in superfluous legal expense. In this connection, the statement adds:

"It may be well, however, to send securities and powers-of-attorney to local missionary representatives to act for out-of-town creditors in order to expedite settlement. Detailed advice will be sent on this point later. The liquidator has full power and his course is rather minutely prescribed by law and he will protect the interests of creditors and debtors alike.

"No funds will be paid out till the accountants make their report on the affairs of the three institutions involved, and they will be paid thereafter as rapidly as funds

(Continued on page 2)

AUDITOR APPOINTED FOR A.-O. BANK

Examination of Books to Begin To-day

Actual work in liquidation proceedings connected with the American-Oriental Banking Corporation will commence to-day at 9 a.m. when Mr. Henry De Vault, auditor, and his staff will walk into the bank and begin the task of going over the books.

The announcement of Mr. De Vault's appointment as auditor, was made late yesterday afternoon by Mr. Frank L. Hough, the liquidator, who had spent the entire day closeted in the bank offices discussing various matters with financial authorities here.

Mr. Hough revealed last evening that he will be ready to make a complete statement to the public near the finish of the audit which he pointed out "will take quite a while to do efficiently." He asked that depositors and shareholders "be patient."

Mr. Hough arranged his U.S. \$55,000 bond for the three Raven companies through Mr. Fred Vincent of the American-Foreign Insurance Company late on Tuesday night. These guarantee bonds for the American-Oriental Banking Corporation, American-Oriental Finance Corporation, and the Raven Trust Company, will be posted at the office of the Clerk of the U.S. Court this morning.

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Hough Swings Into Action To Liquidate Raven Interests

**Sellett Is Named
As Legal Adviser;
DeVault To Start
Audit This Morning**

**Drop In Real Estate
Values Is Feared**

Swinging into action immediately to speed up the liquidation of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company, Mr. Frank L. Hough, general manager of the RCA Victor Company of China appointed liquidator of the three companies by Judge Milton J. Helmick on Monday, has named Dr. George Sellett, former U.S. District Attorney and now conducting a private law practice, legal adviser to the liquidator.

In addition, Mr. Hough has employed Mr. Henry S. DeVault to conduct an independent audit of the books on the three companies. Mr. DeVault, assisted by his staff of auditors, will start work this morning on a comprehensive checkup of the books of the three companies. As soon as the audit is completed, it will be submitted to Judge Helmick.

The three bonds required by the liquidator, which total U.S. \$55,000, have been prepared by Mr. Hough through insurance companies and will be filed with the U. S. Court this morning, Mr. Hough stated yesterday.

Trustee To Be Named

Judge Helmick, who has received a petition from the Asia Realty Company for the appointment of a special trustee, under Section 77-B of the "New Deal" legislation, has not yet made the appointment. According to an official of the court, he is expected to name the trustee either today or tomorrow following further study of the law and its application here and in the case of the Asia Realty Company, another Raven interest.

Yesterday afternoon a CHINA Press reporter found Mr. Hough busy in the former office of Mr. F. J. Kleffel, former vice-president and manager of the American-Oriental Banking Corporation. Mr. Hough yesterday conferred with Mr. DeVault and Mr. N. F. Allman, lawyer representing several American creditors and depositors of the three organizations.

Mr. Hough said yesterday that it would be impossible at this time to state when actual payments to depositors would be made but that such action would be announced as soon as practicable. Payment of depositors will be made on a percentage basis to all depositors regardless of the amount of their deposits.

Fears that the possible action of the liquidator in immediately converting into cash local real estate properties owned by the three defunct Raven interests continue to be held throughout the town. Nevertheless, the liquidator at his discretion may sell such assets as he sees fit. Many of the assets of the three Raven organizations, it is stated, consist of real estate properties whose selling price now has been reduced as

much as 50 per cent from its former value. If these properties are placed on the local market and sold for cash, they are most likely to seriously depress all real estate values in the city.

"Grotesque Values"

"If the liquidator decides to convert real estate assets of the Raven Company into cash," an American official told a CHINA Press reporter, "I cannot see that such a step will have a far-reaching effect. Real estate values here have soared sky-high, entirely and grotesquely out of proportion to their actual worth. If these values are depressed, it may eventually put the market on a more stable basis than on the abnormal inflated basis that it has been in the past five or six years."

The American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company failed on May 23. Mr. Frank J. Raven, organizer of the three companies, blamed the American silver purchasing policy as the sole reason behind the failure of the three organizations.

Bank Door Still Barred

Yesterday the American-Oriental Bank on Nanking Road continued to be locked and guarded by the S.M.P. Newspapers, letters, and magazines addressed to Mr. F. J. Raven and other former bank officials lay scattered in the barred bank entrance. On the second floor, the seals placed by the U. S. marshal were broken and except for a single stenographer assisting Mr. Hough, all offices were deserted. Ironically enough, the sign on Mr. Raven's office read "out."

The American-Oriental Banking Corporation has about 8,000 depositors of some 40 nationalities whose deposits total slightly over \$8,000,000. It claims a capital of U. S. \$550,000 and \$1,250,000. Last year it reported a profit slightly less than \$600,000. The claimed assets of the AOBC, the AOFB, the Raven Trust Company, and the Asia Realty Company are between \$60,000,000 and \$70,000,000.

10801

THE LIQUIDATOR

Judge Milton J. Helmick has been as good as his word. He has given prompt and exhaustive consideration to the selection of a liquidator for the American-Oriental Banking Corporation and associated concerns. Mr. F. L. Hough is a comparative newcomer to Shanghai, but he is well-esteemed as a practical man of affairs and independent judgment, besides being an approved business man of good standing. The public will recognize, therefore, that Judge Helmick has made a sound choice. The task which confronts Mr. Hough is exceedingly difficult and delicate. It is essential that he should have every support which can be given to him, apart from that derived from the judicial authorities under whose instructions he acts. This support can be most suitably shown by leaving him a clear field with the knowledge that he commands general confidence. His acceptance of an onerous task indicates his possession of proper public spirit and that can be best acclaimed by a sympathetic understanding of his difficulties, allied to a trust in his intention to operate the liquidation to the best interests of all legitimately concerned therein.

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**THE AMERICAN ORIENTAL GROUP.
LIQUIDATOR APPOINTED.**

By H. G. W. WOODHEAD, C. B. E.
(Editor, Oriental Affairs)

JUDGE Helmick, of the U.S. Court for China, who was holding a session of that tribunal in Peiping when the suspension of business by the American Oriental Group was announced, very wisely refused to be stamped into the appointment of a Liquidator until he had been able to make investigations on the spot. He flew down to Shanghai on Sunday and after a day spent in conferences with leading American executives and attorneys named Mr. Frank L. Hough, Managing Director of the R.C.A. Victor Co. of China, as Liquidator. Rumour had been busy with several other names, since it became known that the Judge did not consider technical banking experience an essential qualification, but was in search of a man "of practical business ability, impartiality and courage of the sternest sort" to do "a hard boiled job." It was reported that several potential candidates—including Mr. Carl Seitz, and Major Arthur Bassett—had been approached, but that the concerns with which they are associated could not see their way to release them for what for some months to come must be practically a whole-time job. Mr. Hough has had considerable experience in business in China and other foreign countries, having first come out to the Far East in 1918. He has had previous experience as a Liquidator in America. And he approaches his new task from an entirely detached viewpoint, as he is not personally acquainted either with Mr. F. J. Raven, the President, or Mr. J. Kieffel, the Vice-President, of the American-Oriental Bank. He has stated that Judge Helmick and he are in agreement that the interests of the depositors in the Bank must come before any other consideration.

Mr. Hough's Task

THE Liquidator of the three associated Raven enterprises, the Bank, the Finance Corporation, and the Trust, is required to enter into bonds aggregating U.S.\$55,000 before taking up his duties, and will be empowered "to employ counsel and auditors, discharge present employees, take such action as may be necessary to collect the assets of the Company and reduce such assets to cash, give receipts, grant acquittances, effect compromises, institute and defend legal proceedings, and exercise the authority usually granted to liquidators." The Bank will presumably exercise most of his attention at the outset, as the most urgent problem is that of affording relief to the depositors—many of them with small accounts—who are suffering real hardship from their inability to draw upon them. But the Raven interests are so extensive and interwoven that much must obviously depend upon the concurrent reorganization of the Asia Realty Company.

The Bank, according to the latest Balance Sheet (for the year ending December 31, 1934) included among its resources Loans and Discounts amounting to \$8,986,430, and stocks and bonds valued at \$37,767. The nature of the security for the loans is not revealed but it may be assumed that they include mortgages, stocks and shares, and liens upon cargo, etc. None of these will be easily realizable under existing conditions, at anything like their normal value. And if, as is believed, mortgages figure prominently among the loans, wholesale foreclosures would not only dissipate large percentage of the assets, but adversely affect any project for the reorganization of the Asia Realty Company, and incidentally inflict serious injury upon other local Land Companies. The more valuable sites in Shanghai, at the moment, would not realize more than a fraction of their normal value by a forced sale. And such procedure would inevitably depreciate the value of adjacent properties, regardless of their revenue-earning capacity. Indeed if there were any risk of the combined American-Oriental and Asia Realty property-holdings being put upon the market it would become imperative for the other large land interests to consider the establish-

ment of a combine to buttress up the property market. For there is no reason to suppose that the present depreciated property values are permanent. The land is located in a city that is constantly growing in spite of the depression, and will expand with accelerated speed when that depression is over.

The Asia Realty Co.

THE Asia Realty Company at the end of 1934 had debenture issues totalling \$6,098,181, to the service of which certain properties were specifically pledged, under a Trust Deed in favour of the Yangtze Insurance Co. The revenues derived from these properties are believed to be considerably in excess of interest requirements, and debenture-holders, therefore, would appear to be amply secured. But the Arco Loan Certificates issued up to the end of 1934, and tantamount to Promissory Notes aggregated \$2,355,540, and some form of moratorium in regard to them may be imperative if the holders are ever to get their money back. They would certainly suffer heavy loss if the Company's available assets had to be realized for cash, without delay.

It will be appreciated therefore that though the Liquidator of the American Oriental Companies is not actually concerned with the Asia Realty Company's difficulties, the reciprocal effect of the realization of property assets on both groups cannot be ignored. Mr. Hough will at best find it no easy task to steer between the Scylla of clamorous depositors, and the Charybdis of the conservation of their—and the shareholders'—real interests. His task might be easier to handle if it were possible to constitute depositors' and shareholders' Committees with whom he could hold frank discussions, and who, it might be hoped, would endorse a policy of conservation of assets, rather than their immediate realization. And were this done, it does not seem to be beyond the bounds of possibility that co-operation—and possibly even some financial assistance—might be secured from other land interests and Banks.

Shareholders' And Depositors

DEPOSITORS and shareholders are entitled to be kept informed of the progress of liquidation and the details of reorganization, but it would simplify matters considerably if day to day contact with the Liquidator and the Trustee could be maintained by Committees empowered, respectively, to represent these two groups of interested parties. The smaller depositors, in many instances, obviously cannot afford to await the proceeds of an orderly liquidation. The larger depositors, if their voice could be heard would almost certainly prefer that the smaller clients, should receive preferential treatment if their own interests would be conserved by a policy of holding on to assets to avert the depreciation that would be the inevitable result of immediate realization. The Liquidator is to file a report on the financial position of the American Oriental Group with the Court, within sixty days from his appointment. It would be well if, in the interval, depositors and shareholders, both of that Group and the Realty Company organized and elected Committees to represent them, and to maintain close contact with the Liquidator, and the Trustee.

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A.-O. BANK LIQUIDATION

There will be widespread satisfaction that Judge Milton J. Helmick of the United States Court for China has appointed a man of the independent position occupied by Mr. Frank L. Hough, Managing Director of the R. C. A. Victor Company of China, as liquidator of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company, the three Companies which voluntarily suspended business on May 24. Judge Helmick has adopted the position ever since the Companies closed down that the liquidation has to be carried through by an able and independent liquidator, and there can be no shadow of doubt that Mr. Hough fulfils these qualifications. He has occupied the position of the executive head of the R. C. A. Victor Company for the past two-and-a-half years and is generally regarded not only as a sound business executive but as a man of courage and integrity—just the kind fully to protect the interests of depositors, shareholders and creditors of the three concerns to be wound up. Judge Helmick has acted in no hasty manner; he refused to make a decision while up at Peiping, and the appointment which he announced at five o'clock on Monday afternoon was made only after he had consulted with many business leaders of the American community here. In conjunction with Mr. Hough there will be working Mr. Feltham Watson, the U. S. District Attorney, who has been ordered to make a prompt and searching investigation into the affairs of the affected concerns, and it is ordered that the liquidator shall file a report on the financial position of the Companies within 60 days. Here is evidence that so far as official machinery can permit there is going to be no undue delay in discovering the true position of affairs, and it remains to express the hope that the public will be given the benefit of the fullest possible information at the earliest possible moment. The powers conferred on the liquidator by the Court are extremely wide, putting him in full and undisputed control of all the affairs of the Companies, and one can only now await the results of his labours.

It would seem necessary, however, to urge upon depositors and others who are now threatened with the loss of at least some part of their money the need for patience. If indications are to be believed, the liquid cash position of the A.-O. Bank and the other two concerns is extremely low. There are no doubt a large number of perfectly sound securities and also other securities which are perhaps not so sound in the present circumstances of depressed business, but it is the task of "collecting the assets of the Companies and reducing such assets to cash"—to quote the phraseology of the appointment order—which is going to be difficult and possibly lengthy.

No-one will realize more keenly than the liquidator himself the danger of seeking hurriedly to realize either real estate or commercial assets in these times, and although there is undoubtedly need to give to depositors and investors whatever degree of immediate relief is possible it cannot be in the best interests of all concerned to rush liquidation through at the expense of the amount of money which will be made available for distribution. That view needs to be shared by all if liquidation is going to result in a minimum of loss. It is known that some of the frozen money is locked up in industrial undertakings and that hurriedly to liquidate these would only cause the extension of the circle of depression. One has confidence in the official cognizance of that viewpoint, but it is one which needs to be appreciated even by those who have been most hardly hit by the suspensions. Midway between the desire to pay out as much as possible as quickly as possible and the desire to pay out the greatest possible amount eventually there is doubtless a

happy mean, and it is to the finding of that to which Mr. Hough will most certainly address himself. He takes on his task with the sincerest goodwill of the whole community which has been deeply stirred by the closing down of three institutions which had enjoyed so much of the community's confidence.

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H.C.*

JUNE 4 1935
 SHANGHAI MUNICIPAL POLICE
 C. & S. B. REGISTRY
 No. S. B. D. _____
 Date _____

JUDGE APPOINTS LIQUIDATOR FOR RAVEN COMPANIES

**Mr. Frank L. Hough to Watch
 Depositors Interests**

CHOICE MADE AFTER DAY OF CONFERENCES

The appointment of Mr. Frank L. Hough, Managing Director of the R.C.A. Victor Company of China, to act as liquidator of the American Oriental Finance Corporation, the American Oriental Bank Corporation, and the Raven Trust Company, was made late yesterday afternoon by Judge Milton J. Helmick of the U.S. Court for China.

Announcement of the appointment was made at 5 p.m. just ten days and seven hours after the bank closed its doors following a conference of the directors of the bank on May 24.

Judge Helmick revealed his selection after a day's deliberation and conference in the seclusion of his chambers with a group which included Mr. E. S. Cunningham, American Consul-General, and Mr. Feltham Watson, United States District Attorney in China.

Mr. Hough is expected to qualify as liquidator to-day and take possession immediately, according to Judge Helmick.

Depositors' Good Sought

In an interview with a representative of the "North-China Daily News" last night Mr. Hough declared that he had accepted the appointment in full accord with Judge Helmick's views. He said:—

"I intend to do everything I possibly can to secure the greatest return for the depositors."

Mr. Hough admitted that he had not yet been inside the bank and that an audit must be taken before setting the wheels in motion.

He stated, however, that it was in his mind to declare a minimum dividend to the depositors pending the actual settlement—if there was sufficient available cash. If possible, the dividends would be declared immediately.

When the appointment is definitely confirmed, Mr. Hough intends to open his offices in the bank premises and devote his entire time to the bank's affairs until they are straightened out.

Unknown to Bankers

The R. C. A. Company is a big organization here and with his general supervision from time to time can carry on during this period, he stated. Mr. Hough has been in China for the past two and a half years. The part of liquidator is no new role to Mr. Hough, for he served in the same capacity for a business concern in the United States some years ago.

Mr. F. J. Raven, president of the three above companies, when asked by the "North-China Daily News" what he thought of the appointment, revealed that he did not know the liquidator. Mr. J. Kleffel, vice-president and general manager of the American-Oriental Banking Corporation, also stated that the liquidator was unknown to him.

As yet Judge Helmick has taken no action in appointing a trustee for the Asia Realty Company.

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K.C.
[Signature]

"A CASUALTY"

Delay Depricated

To the Editor of the
"NORTH-CHINA DAILY NEWS"

Sir,—Kindly grant me some space in your valuable paper to endorse completely "BRITISH SHAREHOLDER'S" suggestion that some form of protection to the shareholders of the American-Oriental Group should be initiated without delay. The Receivership granted to the A.O.F.C. branch office at Manlia makes the protection more imminent since liquidation is already in process, or about to proceed.

With due respect to the depositors, I think the unfortunate stockholders facing such a great catastrophe through no fault of their own, deserve equal if not more sympathy.

As each of the four American-Oriental Group has more than four million dollars paid-up capital, the number of common and preferred stockholders must be tremendous. Their interest, without doubt, deserves no less attention.

In view of the enormous number of investors that are being affected, it is hoped some local organization such as the Shanghai Stock Exchange will come forward and initiate a form of protective society and look after the shareholders' interest so that investors of local shares will not lose their confidence in future. Alternatively, some A.-O. shareholders in the legal profession perhaps may take the lead and charge at a lowest possible fixed rate for the service from the co-sufferers.

"ANOTHER VICTIM."

Shanghai, June 3.

[Handwritten signature]

Some Reflections

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR.—The collapse of a few native banks and the fate of the American-Oriental group are painful symptoms of the disease affecting the body economic.

There is a general feeling of uneasiness among the public that those who have the power to act, faced with, admittedly, grave responsibilities, prefer to await developments, or, in other words, to allow the malady to progress unchecked until the inevitable crisis occurs and drastic action can no longer be deferred.

But the longer action is delayed the greater will be the crisis when it comes and the more acute the problems to be solved.

There is a tendency in certain quarters to leave the control of currency and finance in the hands of bankers who are naturally regarded as specialists in these matters. But it must not be forgotten that the interests of bankers and traders at times conflict, and if the voices of the latter are not heard it will not be surprising if, in searching for a way of escape from our difficulties, the views of the purely financial interests prevail. It was the influence of "The City" it will be remembered, that was largely responsible for Great Britain's premature return to the gold standard after the war. Broadly speaking, the Banks represent the creditor element and are naturally upholders of "a sound currency" inflationist theories are anathema to them. The Producer on the other hand, confronted with the problems of the debtor, is painfully aware that a currency appreciating in value makes it impossible for him to operate his plant at a profit. The supreme desideratum is, of course, a stable currency, a currency that in terms of commodities remains constant and maintains the conflicting interests of creditor and debtor balanced.

In Shanghai we have now neither a sound currency nor a stable one. While the present uncertainty overhanging the future of the dollar remains business will languish and we will proceed steadily down the road leading to insolvency. There is nothing so paralysing as uncertainty. The present policy of those in control of currency matters betrays their hesitation. It appears to be an attempt to retain the solid virtues of a silver standard without suffering the inevitable consequences of the remorseless rise in the value of the metal. Such an impossible compromise must of necessity fail, the issue cannot be evaded much longer. Silver must eventually find its own level, a higher external value will draw it out of the country. Export taxes and embargoes can do no more than check the outflow, they cannot stop it. It can only be a question of time when the supply of silver has shrunk to a point at which it will no longer be possible to sustain the dollar nominally on a convertible basis and China will be driven off silver. Is it not better to tackle these problems now and devise a dollar that will not be at the mercy of silver manipulators across the water? A managed currency may breed alarm in many quarters but these fears can be allayed if evidence is produced showing that the necessary backing for a fiduciary note issue is forthcoming.

QUAESTOR.

Shanghai, June 3.

Court Names Liquidator Of Raven Firms

Mr. Frank L. Hough To
Take Possession Of
Assets To-day

**BONDS TO BE FILED
FOR U.S. \$55,000**

**U.S. District Attorney Will
Make Prompt, Searching
Investigation**

After being closeted in his Chambers for the better part of the day, conferring with prominent American officials and representatives of the American business community, Judge Milton J. Helmick of the United States Court for China, made an announcement at 5 o'clock yesterday afternoon that he had appointed Mr. Frank L. Hough, Managing Director of the R.C.A. Victor Company of China, as liquidator of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company, the three companies which voluntarily suspended business on May 24 due to accumulated financial difficulties.

The appointment, it was stated, was subject to the filing of approved bonds of U.S. \$25,000 in the case of the Bank and U.S. \$15,000 each in the case of the other two Raven concerns. It is expected that Mr. Hough will qualify to-day and take possession of the assets of the three concerns. No announcement has yet been made regarding the appointment of a trustee to effect the contemplated reorganization of the Asia Realty Company, another of the Raven interests.

Prompt, Searching Inquiry

Simultaneously with the announcement of the appointment of Mr. Hough as liquidator, a further statement was made to the effect that a prompt and searching investigation into the affairs of the three Raven companies will be made by Mr. Feltham Watson, United States District Attorney, who will act in co-operation with the liquidator.

In the orders appointing Mr. Hough the liquidator, Judge Helmick furnishes him with power to "employ such staff as he may find necessary, employ counsel and auditors, discharge the present employees of the Companies, take such action as may be necessary to collect the assets of the Companies and reduce such assets to cash, give receipts, grant acquittances, effect compromises, institute and defend legal proceedings, and exercise the authority usually granted to a liquidator."

The orders also contain the following provision: "The liquidator is hereby ordered to file a report on the financial position of the said Companies within 60 days from the date hereof and thereafter make such reports as may be ordered by the Court."

Appointment Keenly Awaited

Depositors, creditors and shareholders of the three Raven companies have been impatiently awaiting the appointment of a liquidator ever since the American-Oriental Banking Corporation and its affiliates closed their doors 10 days ago. Judge Helmick attempted vainly to deal with the matter in Peiping, where he has been holding sessions of the United States Court. Finding this impossible, he flew to Nanking on Sunday and then took a train to Shanghai, arriving here on Sunday night.

Early yesterday morning he went into conference and was inaccessible throughout the entire day. Those closeted with Judge Helmick in his Chambers were Mr. Edwin S. Cunningham, United States Consul-General; Mr. Feltham Watson, United States District Attorney; Mr. Robert T. Bryan, Jr., Municipal Advocate; Mr. R. E. Lunkley, Manager of this Otis Elevator Company for China, Siam and the Philippine Islands; Mr. H. E. Page, Vice-President and Managing-Director of the China General Edison Co., Inc.; Major Arthur Bassett, Director of the British-American Tobacco Company (China), Limited.

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RECEIVED
 DEPARTMENT OF
 THE CHINA PRESS
 No. D. I. _____
 Date _____

Judge, Lawyers Due In Today On Bank Case

Helmick And Attorneys Flying From Peiping To Rush Liquidation

Judge Milton J. Helmick, accompanied by Mr. C. S. Franklin and Mr. A. H. Driscoll, attorneys for the Raven interests, are expected to arrive here at 12.30 today by a C.N.A.C. airplane when the Judge and the attorneys will proceed at once with the appointment of liquidators of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company. The three American organizations failed May 23 and the appointment of liquidators of all three organizations has since been delayed.

While Judge Helmick's name is not on the passenger list of the big Douglas plane, the names of Mr. Franklin and Mrs. Driscoll are. A vacant seat remains in the 14-passenger plane and in so far as Judge Helmick announced his intention to fly down to Shanghai, it is likely that he will accompany the Raven attorneys.

Judge Helmick and the U. S. Court for China have been sitting in Tientsin and Peiping for the past two weeks. The two Raven lawyers flew up to confer with him in the matter of appointing liquidators for the three organizations. Judge Helmick several times postponed the naming of liquidators and finally announced his intention to fly down in order to better acquaint himself with the state of affairs here. The Peiping docket, which includes several cases filed against the Peiping Union Medical College, has not been completed, a fact which will necessitate Judge Helmick's return to the Old Capital within a few days, unless the cases are temporarily adjourned.

Judge Helmick Returning

PEIPING, June 1.—(Reuters).—Judge Milton J. Helmick, of the United States Court for China, which has been in session here, is leaving for Shanghai tomorrow by airplane in order to deal on the spot with the question of naming a liquidator for the American-Oriental Banking Corporation, a task which has thus far proved exceptionally difficult.

It is understood that Judge Helmick's problem is not only to select a suitable man for what is unquestionably a tremendous task, but to gain consent for such a man to undertake this work.

A constant stream of telegrams were exchanged between Shanghai and the American Court here throughout the week and after giving the matter much careful study, Judge Helmick is understood to have requested two men in succession to take on the task. In both instances, however, the home offices declined to grant permission for these men to assume the duties of a liquidator.

Those close to the American Court state that, even at the risk of a little unavoidable delay at this stage, Judge Helmick is determined that the task of liquidating the American-Oriental Banking Corporation be undertaken by the most suitable man he can find and who will do his best in the interests of depositors.

*File
K.C.*

[Signature]

JUDGE HELMICK IS FLYING HERE

To Launch Liquidation
Process In Matter
Of The A.O.F.C.

SELECTION OF MAN IS AGAIN POSTPONED

PEIPING, May 31. — Judge Milton J. Helmick announced in the United States Court for China this morning that he had not yet been able to appoint a liquidator for the American-Oriental Banking Corporation and the American-Oriental Finance Corporation.

He said he contemplated flying to Shanghai soon to launch the liquidation proceedings, whereafter he would return to Peiping to finish the hearings of the Peking Union Medical College litigation. The third case in this litigation began this morning.—Reuter.

Announcement Again Delayed

PEIPING, May 31. — Another disappointment awaited the lawyers representing the Raven interests when they attended the United States Court for China this morning in the hope of hearing Judge Milton J. Helmick name the liquidator for the American-Oriental Banking Corporation.

Judge Helmick, who had delayed his announcement twice yesterday—from the morning till the afternoon, and from the afternoon till to-day—again postponed his decision, nor did he give any indication when it was likely to be made.—Reuter.

10/158

AMERICAN-ORIENTAL
BANK'S AFFAIRS

Editor

THE SHANGHAI TIMES

Sir.—Could someone tell us what is actually transpiring in the minds of the directors of the American-Oriental Banking Corporation?

I am one of those small depositors who, not having had a holiday for some time, decided on taking the wife and kiddie away for a while this summer. Now the youngster keeps on asking "Daddy, why can't we go?" I mention this because a friend of mine received a letter the other day from an official's wife who is having a good time touring Germany. Are the directors waiting to see whether the creditors will take just what is handed out to them? Does liquidation, according to law, really mean 100%, and is less than 100% bankruptcy? Also, could the creditors compel the directors to go into bankruptcy which precludes them from doing business until they are discharged?

Will the directors kindly make an official statement as to what procedure they are going to adopt; this is only fair to their many creditors who are not familiar with the banking business or business law.

ONE OF THE CREDITORS.
Shanghai, May 30, 1935.

Chen

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THE BANK FAILURE

Distress among the less affluent classes of the community, as the result of the failure of the American-Oriental Banking Corporation and its allied concerns, has revealed poignant tales of loss and misfortune. This has naturally evoked considerable sympathy which cannot be blamed for being impatient. Urgent demand is made for statements by the Corporation's officials, for the intervention of some influential institution, for speedy action by the American judicial authorities. Judge Milton J. Helmick has been placed in a position of considerable difficulty. First of all there has been the physical circumstance of his absence from Shanghai. He has been prompt to indicate the intention to take appropriate action to ensure an efficient and impartial handling of the exceedingly difficult task of liquidation. The propriety of his attitude in itself imposes the need for careful consideration. The appointment of a man with the requisite qualifications cannot be made in a hurry. The judge must, therefore, be applauded for his refusal to be hustled, although he cannot be accused of a lack of promptitude. Whether any action can be taken to mitigate the distress which must accrue from the losses incurred by depositors pending the normal operation of the liquidation is really a matter for private philanthropy. It is not fair to expect other banking institutions to take any responsibility in such a case, except

in so far as, in the normal course of business, they can offer facilities to ease temporary inconvenience. As for the process of liquidation, here again it may be well to point out that the success of a liquidation depends on the extent to which the liquidator can have plenty of scope for realizing the assets on the best possible terms and in the most favourable condition of the market. This may sound like cold comfort in rebuke of a natural impatience, but the fact remains that, if too ready an ear be given to importunity by the liquidator, by so much the more is the liquidation liable to fall short of the ideal of serving the best interests of the Bank's creditors. On the causes of the failure there is still little to add to what has already been said. The official inquiry is necessary for fuller enlightenment. In the meantime the public interest demands a steadfast refusal to apportion blame on the basis of inadequate data and, above all, to be led astray by unrestrained pessimism into a conviction that this bank failure is more than a symptom of the current depression. That depression is not necessarily getting worse, although it would be folly to indulge in airy expectations. Shanghai can keep a steady head and an alert eye on the future which, whether the depression be long or short, can hardly fail to hold prosperity and further progress for this great city. Upsets have occurred before. They have brought their lessons and inculcated valuable experience. If Shanghai looks upon the present difficulties in that light, much may be done to fortify the community as a whole against further disaster and to equip it for eventual recovery.

[Handwritten signature]

10739

Patience Advised

To the Editor of the
"NORTH-CHINA DAILY NEWS"

Sir—I am not sure that Mr. Palmer in this morning's issue of your valued paper, makes a contribution towards reassuring Shareholders and Depositors of the American-Oriental Group. The question also arises, whether those who are now being made the target of attacks are in a position to reply or defend themselves.

The entire matter is still *sub-judice*. In due course, when a suitable liquidator has been found, the public will be informed as to what has actually happened. If the "plans" of the Directors, to pay Dollar for Dollar, materialize, all the better. If not, it will be time enough to hear the bad news when it comes. In a recent leader, you very properly emphasized the need of sane thought and steady nerves in this time of crisis and again, my entirely personal view is, that Mr. Palmer's letter is not a contribution to that end.

I. M. A. GOAT.
Shanghai, May 31.

OK

"A CASUALTY"

Statement Desired

To the Editor of the
"NORTH-CHINA DAILY NEWS"

Sir,—I was particularly pleased to see that "INTERESTED" suggested that the Officials of the Raven group should make some statement which might alleviate the worries of the shareholders. As a shareholder in three of the Companies of the group I feel that it is not an unreasonable request.

Your leader under the heading of "A Casualty" in your issue of last Monday pleads for tolerance and forbearance on the part of depositors and investors so that the liquidation may proceed without hindrance. This is sound advice and would, no doubt, be followed by investors, but the general lack of confidence in the management of these Companies which has existed during the past two years or so makes tolerance very difficult.

Now to refer to the Asia Realty Company; I note that an application has been made to the U. S. Court for China for the appointment of a Trustee for the re-organization of the Company. This action may be quite in order and in accordance with American Company law but I am of opinion that no such action should have been taken without the shareholders being given an opportunity of understanding the situation. I am in favour of shareholders of this particular Company forming a representative body to protect their interests and, among other matters, to enquire into the question of bonuses granted by the Directors to certain Officials when no dividends were paid to shareholders, and the indebtedness of some of the same Officials to the Company.

I agree with you, Sir, that no obstacle should be placed in the way of any legitimate attempt to straighten out this catastrophe, but it is just as important that shareholders should take what action they can take to protect their interests and to salvage what they can from the wreckage.

BRITISH SHAREHOLDER.

Shanghai, May 31.

Chen

SHANGHAI MUNICIPAL
REGISTRATION

THE NORTH-CHINA DAILY NEWS, FRIDAY, MAY

No. D
1935

NOTICE

The Board of Directors of the Russian Merchants and Manufacturers Association (Chamber of Commerce), Shanghai, hereby informs all Russian depositors of the American Oriental Banking Corporation that the Association found it necessary in their own interest to unite them, and has appointed Mr. A. A. Yagoboff, R.P.I.B.C. Com., Sec., Director, as the filing, information and intercourse officer.

All Russian depositors of the American Oriental Banking Corporation are invited to register themselves with the Association immediately. Apply to Mr. A. A. Yagoboff from 3 p.m. to 6 p.m. daily, at the office of R.M. and M.A., 746 Ave. Foch (Russian Club).

BOARD OF DIRECTORS.

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AMERICAN ORIENTAL BANK'S AFFAIRS

Liquidator to be Appointed This Morning

Peiping, May 30.

The naming of a liquidator for the American-Oriental Bank was delayed twice to-day and will not now be announced until to-morrow morning.

When the lawyers representing the Raven interests attended the United States Court this morning, Judge Milton J. Helmick said there would be no sitting until the afternoon. The lawyers attended again this afternoon, only to hear Helmick state that he was not ready to announce the name of the liquidator, but would do so to-morrow morning.—Reuter.

Chinese Interested

Dr. H. H. Kung, interviewed in Nanking, stated that he had appointed an official to investigate the closing of the American-Oriental Bank.

"A CASUALTY"

Some More Facts

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR,—I have read "INTERESTED'S" letter in to-day's issue of your paper regarding the American-Oriental Banking Corporation's "B" Common Shares and should like thoroughly to endorse everything he says.

I was in the American-Oriental Finance Corporation for just over a year and resigned as from 1st inst. to establish a new Company. I am, therefore, in a position to write with authority on this matter.

On May 28, we wrote to the American-Oriental Finance Corporation on the basis of the facts referred to by "INTERESTED." We reminded the Corporation that, when I was in its employ, a number of B Common shares had been sold to clients and that at every Sales meeting those present were urged to push those shares. It was stated frequently that the Bank would at any time buy them back at \$2 less than the clients paid for them. It was added that I could produce witnesses in confirmation of that statement and that I specially remembered how strongly it was stated that the liquidating value would never be less than \$26. Purchasers were assured that the maximum they could possibly lose would be \$2 per share.

On May 20, we wrote to the American Oriental Bank enquiring what dividend, if any, would be paid at the end of the current half-year. On May 23, a letter was addressed to us, giving no very precise answer to the inquiry. It was not received until May 24, the day of the Bank's closure. Had we received it earlier we should have taken immediate steps to insist that those shares were taken back on the terms indicated above. We also enclosed in our letter of May 28 a list of nine clients holding 1,060 of the shares in question, amounting to about \$23,000.

I might further disclose a fact about the sale of these shares. Salesmen in the American-Oriental Finance Corporation were given a commission of \$1 a share. When one considers that the usual local brokerage is ½ per cent. and that we were being offered almost 5 per cent. viz. \$1. on \$22—it can be seen how eager the people in authority in the Bank must have been to get rid of them. It might also be observed, in view of the above, that the salesmen themselves should have hesitated to recommend them to their friends but, inasmuch as the majority were sold last June when the Bank was about to declare a half-yearly dividend of \$1 (which they did) and again, as there was every prospect (as we were assured) that they would pay a further \$1 or at least \$0.80 at the end of December, 1934, (actually they paid \$0.60—making a total of \$1.60 for the year), and bearing in mind the undertaking we had been given

that the Bank would at any time take back shares we (the Salesmen) had sold, at \$2 less than was paid for them, it is obvious that the chances were, for a period of just over six months, clients would make money, or at least come out almost square. Could the same have been said, with any degree of certainty, of any other local securities over the same time?

I would like to add, in conclusion, that I, of course, had no idea the Bank would close. We wrote them on May 20 regarding the prospects or otherwise of a half-yearly dividend, simply because it occurred to us, with the present favourable rates of exchange, clients could more profitably and securely invest their surplus funds in sterling.

W. R. B. PALMER.

Shanghai, May 30.

Judge Helmick Declares Intention To "Do Hard-Boiled Job" With Bank

Liquidator For Interests Of Depositors

Calm But Searching Investigation To Be Undertaken

SPEEDY PROBE OF SITUATION

Exercise Of Practical Business Ability Is Now Required

PEIPING, May 29.—During the afternoon session of the United States Court for China, Judge Milton J. Helmick said he hoped, within 24 hours, to name a liquidator for the American-Oriental Bank and put him in possession of the institution with instructions to "do a hard-boiled job." He added that calm but searching investigation would be made of every phase of the debacle.

"The primary consideration of the Court," he continued, "is for the depositors; and the liquidation must be in a manner which will best benefit them. Liquidation should not be prolonged, but should be terminated as speedily as is consistent with good business."

"The liquidator to be named by the Court will be a man of the Court's own choice, who has not yet been suggested by anyone. The Court does not consider technical banking experience a very important qualification; the job from now on is not one of banking, but of salvage. The job calls for the exercise of practical business

FOR BANK



MR. C. S. FRANKLIN

ability, impartiality and courage of the sternest sort.

"Liquidation will be conducted as economically as is practicable, which the single view of conserving and collecting as much as possible to pay the depositors."

The lawyers representing the Raven interests, Judge Cornell S. Franklin and Mr. A. H. Driscoll, will meet Judge Helmick at 10 o'clock to-morrow morning when the name of the liquidator may be possibly announced.—Reuter.

Mr. F. J. Raven's Statement
Judge Franklin and Mr. Driscoll left Shanghai by plane for Peiping on Saturday morning, the day after the American-Oriental Banking Corporation closed its doors, involving the Raven Trust Company and the American-Oriental Finance Corporations.

It was stated by Mr. F. J. Raven, head of the Raven interests, that every possible dispatch would be made to have the affairs of the Corporation straightened out and that depositors in the bank would be repaid dollar for dollar.

Monday and Tuesday passed without Judge Helmick mentioning the matter in Court although both Mr. Franklin and Mr. Driscoll attended the sessions daily.

Panic Subsides

Consternation was created in Shanghai when a notice was posted outside the Bank's offices at 29 Nanking Road, on Friday morning, announcing that withdrawals had been suspended and that the Corporation would be placed in liquidation.

By the following day, however, panic had subsided and depositors were taking the closure in a more or less philosophic spirit, the sealing of the premises on Tuesday taking place almost without comment.

Permission for the sealing of the premises was granted by Judge Helmick on the application of Mr. Franklin, acting on behalf of the Raven interests.

On Monday, acting on behalf of Mr. Courtney Whitney, a prominent business man, and "others similarly situated" in Manila, Attorney E. A. Perkins filed a complaint in the Court of the First Instance asking to place the American-Oriental Finance Corporation in receivership.

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SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY
No. S. B. E. 6
Date

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PREMISES OF BANK SEALED

U.S. Court Order Executed by Marshal

In accordance with instructions from the United States Court for China, now in session in Peiping, the U.S. Marshal, Mr. E. L. Faupel, accompanied by the Deputy Marshal, Mr. A. Peterson, yesterday morning sealed the premises of the American-Oriental Banking Corporation in Nanking Road, pending the appointment of liquidators.

The Court officials were accompanied by representatives of the Shanghai Municipal Police, who have placed a guard on the building. Mr. C. S. Franklin, attorney for the corporation who applied for an order from Judge Milton J. Helmick, and Mr. A. H. Driscoll, who are now in Peiping, are expected to fly back to Shanghai to-morrow.

No Action Yet by Court

Peiping, May 28.

Another day passed without a sign when Judge Milton J. Helmick, of the United States Court for China, which is now in session here, would announce his decision in connection with the petition in equity for liquidation of the American-Oriental Banking Corporation and the Raven Trust Company; the voluntary application for the appointment of a liquidator for these three concerns; and the application for the appointment of a trustee to reorganise the Asia Realty Company.

The lawyers representing the Raven interests, Mr. C. S. Franklin and Mr. A. H. Driscoll, waited in court all day, but nothing transpired, Judge Helmick continuing without interruption the hearing of the cases against the Peiping Union Medical College, which already has lasted 12 days. Messrs. Franklin and Driscoll will attend the Court to-morrow morning, in the hope that a decision will be rendered. Mr. Franklin has postponed his departure until Sunday.—Reuter.

File
H.C.

"A CASUALTY"

A Suggestion

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR.—Referring to your editorial—"A Casualty"—in which you sum up the present difficult financial situation—I am a depositor of 15 years' standing with the A. O. Bank, and would point out that we are forced to face the facts which are that, under pressure of our creditors and the prevailing complete stagnancy in business, positions can arise that may land some of us in very serious straits indeed, not only economically but vis-à-vis the various courts to which we are subject.

The case being a purely banking difficulty, it seems to me that some of the stronger banks might well come to the assistance of us *bona fide* depositors by coming to arrangements with the liquidators of this bank. By so doing they will alleviate our position greatly and secure our business for the future, whilst being covered themselves (so far as I can understand) by the gradual realization of their assets.

It should be a reasonable business proposition, I submit, for another bank to assist depositors in the A.O. Bank to the extent of an agreed proportion of their balances, by arrangement.

As depositors we are scattered and unorganized and, at present, in a helpless position.

I would, therefore, ask you to open your columns to *bona fide* suggestions from those, who like myself, are seriously embarrassed by this failure.

D. K.

Shanghai, May 27.

Appointment Of Liquidator Again Delayed

Helmick Decision Today
Forecasted As Court
Ponders On AOBK Steps

PEIPING, May 30.—(Reuters).—
The naming of a liquidator for the
American-Oriental Bank was de-
layed twice today and will not now
be announced until tomorrow
morning.

When the lawyers representing
the Raven interests attended court
this morning, Judge Milton J.
Helmick said that there would be
no sitting of the United States
Court for China until 3 o'clock this
afternoon.

The lawyers concerned attended
court again this afternoon only to
hear Judge Helmick state that he
was not yet ready to announce the
name of the liquidator, but would
do so tomorrow morning.

Depositors Fret Here

Delay in the naming of a liqui-
dator of the American-Oriental
Bank, the American - Oriental
Finance Corporation, and the
Raven Trust Company, three Raven
interests which failed last Friday,
dashed further cold water on the
hopes of depositors and creditors of
the three institutions who had
hoped that Judge Helmick would
come to a decision by this time.

On the other hand, Judge
Helmick's statement that the de-
positors will be considered first and
that a thorough investigation of
the failure of the three organiza-
tions will be made has given them
the first ray of hope since last
Friday.

Russian depositors and creditors
of the bank, whose aggregate credits
total some \$4,000,000, are registering
with the Russian Chamber of
Commerce who will represent them
in liquidation proceedings. A
group of American depositors and
creditors of the three organizations
have selected Attorney N. F. All-
man to represent them in the
liquidation proceedings.

The studies of the failure of the
three institutions and liquidation
proceedings are expected to be
made public. The work of the
liquidators is expected to take
several months and actual pay-
ments of bank deposits are not ex-
pected to start for some time.

Kung Denies Jurisdiction

NANKING, May 30.—(Kuomin).—
Dr. H. H. Kung, minister of finance,
in an interview, said that the liqui-

dation of the American-Oriental
Banking Corporation does not come
within the scope of the Ministry
of Finance as it is a foreign bank
sheltering under extraterritorial
jurisdiction.

Minister Kung recalled that no
less than six or seven foreign banks
established in China, have gone
into liquidation at various times in
the past. While some of them
failed to meet their obligations to-
wards their depositors, the others
have maintained their credit to the
last.

In the interest of American trade
prestige in China, Dr. Kung ex-
pressed confidence that the liqui-
dation of the American-Oriental
Banking Corporation would be
strictly carried out in accordance
with American law.

THE BANK FAILURE

Editor,

THE SHANGHAI TIMES

SIR.—Of course I am only a woman, and cannot be expected to know anything about high finance such as brings on bank failures and such like, but all the same I have my instinct and my own opinions regarding the outcome of the investors' interests in the A.O.B.C., and if these are wrong, then they are only on a par with the beautiful statements the bank and its minions have been pouring forth into the public ear these many moons—aye, years.

We have all, from time to time been recipients of beautifully worded letters from this concern, all printed on fine quality paper; charmingly, almost lovingly worded; the signer has done everything but add love and kisses. Further, we were only a few months ago presented with the prettiest little balance sheet that ever you did spy, and where has it all led?

I note that timid writers to the press, and cautious news column writers, continue to hand out bouquets to the marvellous business ability and integrity of sundry of the Big Business Men who have brought on this thing, losing sight of the fact that these B.B.B.'s who handled our money have now lost it.

Anyway, here is one soul who is not going to join the chorus of adulation and in the meantime I often wonder what the gentleman is now doing who used to devote his time to composing the literature previously referred to. I can safely say that not one of the beautiful bunch of B.B.B.'s who have handled this junk and its associate concerns is ever going to get a cent of my savings in future, and there are many who will incline the same way. They can say what they like about the silver situation and other causes, but the real reason is just plain bad banking, and I for one feel something like poor Mrs. Ramsbottom and have a hazy feeling that "somebody ought to be summoned."

"THE FLY."

Shanghai, May 30, 1935.

CANTON MUNICIPAL POLICE

& S. B. REGISTRY

No. S. B. D. _____

Date _____

"A HARD-BOILED JOB" ON A.-O. BANK

To Be Judge's Instructions
to the Liquidator

PRIMARY CONSIDERATION FOR DEPOSITORS

Peiping, May 29.

During the afternoon session of the United States Court for China, Judge Milton J. Helmick said he hoped, within 24 hours, to name a liquidator for the American-Oriental Bank and put him in possession of the institution, with instructions to "do a hard-boiled job." He added that a calm but searching investigation would be made of every phase of the affair.

"The primary consideration of the Court," the Judge continued, "is for the depositors, and the liquidation must be in a manner which will best benefit them. Liquidation should not be prolonged, but should be terminated as speedily as is consistent with good business.

"The liquidator to be named by the Court will be a man of the Court's own choice, who has not yet been suggested by anyone. The Court does not consider technical banking experience a very important qualification: the job from now on is not one of banking, but of salvage. The job calls for the exercise of practical business ability, impartiality, and courage of the sternest sort.

"Liquidation will be conducted as economically as is practicable, with the single view of conserving and collecting as much as possible to pay the depositors."

The lawyers representing the Raven interests, Mr. C. S. Franklin and Mr. A. H. Driscoll, will meet Judge Helmick at 10 o'clock tomorrow morning, when the name of the liquidator possibly may be announced.—Reuter.

Russian Interests Uniting

An advertisement on the front page of this issue states that the Board of Directors of the Russian Merchants and Manufacturers Association (Chamber of Commerce), Shanghai, hereby informs all Russian depositors of the American-Oriental Banking Corporation that the Association found it necessary in their own interests to unite them, and has appointed Mr. A. A. Yagooboff, R.P.I.B.C. Com. Sec., Director, as the filing, information and intercourse officer. All Russian depositors of the American Oriental Banking Corporation are invited to register themselves with the Association immediately.

It is stated that on Monday deposits of over \$100,000, held by about twenty Russians were registered and on Tuesday and yesterday another \$60,000, by a large number of small depositors. Registration will be continued up to June 5, after which date a general meeting of Russian depositors will be called. The Russian Industrial and Commercial Society has cabled to Judge Helmick asking him to reserve a seat on the liquidation committee for a representative of Russian depositors.

*File
HK*

Timely Help

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR.—In the interest of the unfortunate depositors of the American-Oriental Bank, we would very much appreciate it if you allow us to use the columns of your valuable paper.

We read with great satisfaction in the Russian newspapers the advertisement of the Thriftcor Bank expressing the wish of stepping in with readiness to help the depositors of the American-Oriental Bank who lost control over their thin funds owing to bankruptcy of a Bank.

It is needless to mention that the majority of the depositors, the larger part of whom are Russians, are below well-off people, and the loss of

control over a few hundred dollars of their savings made them to face daily needs in despair.

We, the undersigned, acting on our own accord, wish to underline the generosity and wisdom of the Thriftcor Bank administration in coming in with a timely help to those who were not their clients, just for the sake of humanity, sparing of troubles and pacification of feeling among the unfortunate depositors that might have led to disposal of doubtful funds at no price.

We do not suggest more than this: not only unfortunate depositors but all the Russian numerous colony from now on should remember that there is a friend in need—the Thriftcor Bank, and remembering this, duly welcome offered service in time.

P. S. GRIGORIEFF.
W. E. ULANOFF.
M. S. BLOCH.
N. A. SHIMOLIN.

Shanghai, May 29.

"A CASUALTY"

Shareholders' Position

To the Editor of the
"NORTH-CHINA DAILY NEWS"

SIR,—Much has been said in your newspaper about the prospects of a 100 per cent. dividend to depositors, but nothing about the affected shareholders. Does this imply a nil return to shareholders?

During the winter months I and some of my friends were approached by the American-Oriental Finance Corporation to purchase A.O.B.C. shares which were held by the A.O.F.C. Before agreeing thereto, I enquired the reasons of the A.O.F.C. for wishing to dispose of such apparently desirable securities, and was assured that the only reason was that the Directors had considered it bad policy to hold too many shares in their associated concerns and, were therefore, reluctantly permitting the public to participate in those securities. At the same time we were informed that whereas the shares were being sold at \$22.00, the A.O.F.C. would guarantee a resale value of \$20.00 and that the liquidation value was \$26.00. Do the A.O.F.C. intend to stand by their assurances?

Far be it from me to question the public-spiritedness of the Directors of the Raven group, for are they not all, all honourable men, but perhaps Mr. Raven or Mr. Sandor or Mr. Kleffel might care to say a few words to alleviate the worries of the shareholders.

INTERESTED.

Shanghai, May 29.

Mr. N. F. Allman, representing depositors of the American Oriental Banking Corporation, who had returned here by air from Peiping to learn the wishes of his clients, left by air again yesterday morning for Peiping to attend the U.S. Court for China now in session there. A large group of depositors who visited his offices were received by Mr. Roy Allman who asked them to choose five representatives from among themselves. Mr. N. F. Allman returned to learn their wishes in connection with the liquidation of the bank. It is understood that his clients include many Chinese and Russians and several small Chinese banks.

Naming Liquidator Is Delayed Again

Judge Helmick Expected
To Act On Bank
This Afternoon

(Reuter's Agency)

PEIPING, May 30.—The naming of a liquidator for the American-Oriental Banking Corporation, which was fixed to take place at 10 o'clock this morning, has been delayed until this afternoon.

Judge Milton J. Helmick announced at 10.30 this morning that there would be no sitting of the United States Court for China until 3 o'clock this afternoon.

Judge Helmick Determined
(United Press)

PEIPING, May 29.—In postponing his action appointing a liquidator for the American-Oriental Banking Corporation and allied companies, Judge Milton J. Helmick, Judge of the United States Court for China, declared this afternoon:

"Within 24 hours the Court hopes to name the liquidator and put him in possession of the bank with instructions to do a hard-boiled job.

"A calm but searching investigation will be made of every phase of the debacle. The primary concern of the Court is for the depositors. Liquidation must be in a manner that will benefit them best, and it should be terminated as speedily as is consistent with good business.

No Suggestions Needed

"The liquidator will be a man of the Court's choice without suggestions from anyone. We do not consider technical banking experience the most important qualification, for the job is not a banking, but a salvage job.

"It calls for the exercise of practical business ability, impartiality, integrity and the sternest courage. The liquidation will be conducted as economically as practicable with the single view of conserving and collecting as much

as possible in order to pay the depositors."

Dr. Kung Speaks
(Sin Wan Pao)

NANKING, May 29.—The Ministry of Finance has already sent an official to inquire into the failure of the American-Oriental Banking Corporation in Shanghai, Dr. H. H. Kung, vice-President of the Executive Yuan and Minister of Finance, declared in an interview today.

"No a few foreign banks have suspended business in Shanghai in the past and some of them have liquidated their obligations satisfactorily, he said. The failure of the American-Oriental Banking Corporation should have an important bearing on the confidence placed by the general public in American business and it is expected that the bank will be liquidated according to law, Dr. Kung added.

With regard to the abolition of interport transit duties and the reduction of export duties, Dr. Kung definitely announced that they will be enforced as from July 1 instead of June 1. Arrangements for the collection of new levies to fill the gap caused by the abolished and reduced tax rates have not been completed, he stated.

1062
SHANGHAI MUNICIPAL POLICE
C. & S. B. REGISTRY
No. S. B. D. 6718
Date 29 5 35

Judge Helmick Delays In Bank Case Application

Lawyers Who Flew From Shanghai Wait In Court All Day, But Nothing Happens; All Premises Here Sealed Up To Await The Liquidator

PEIPING, May 28.—Another day passed without a sign when Judge Milton J. Helmick, of the United States Court for China, which is now in session here, would announce his decision in connection with:

- 1.—The petition in equity for the liquidation of the American-Oriental Banking Corporation and the Raven Trust Company;
- 2.—The voluntary application for the appointment of a liquidator for these concerns, and
- 3.—The application for the appointment of a trustee to reorganise the Asia Realty Company.

The lawyers representing the Raven interests, Mr. Cornell S. Franklin and Mr. A. H. Driscoll, waited in court all day, but nothing transpired, Judge Helmick continuing without interruption of the cases against the Peking Union Medical College, which has already lasted 12 days.

Messrs. Franklin and Driscoll will attend court to-morrow morning in the hope that a decision will be rendered. Mr. Franklin has postponed his departure until Sunday.—Reuter.

Local Premises Sealed

The offices of the American-Oriental Banking Corporation, the Raven Trust Company and the American-Oriental Finance Corporation, at 29 Nanking Road, were officially sealed yesterday morning by the Marshal of the United States Court for China.

This action followed the granting of a sealing order yesterday by Judge Milton J. Helmick, who is conducting sessions of the Court in Peiping. Application for the order was made by Mr. Cornell S. Franklin of Messrs. Franklin and Harrington, attorneys for the Raven interests.

The American-Oriental Banking Corporation closed its doors last week by order of the Board of Directors, who simultaneously announced their intention of applying to the Court for an order to liquidate the concern. Similar action was envisaged in regard to the Raven Trust Company and the American-Oriental Finance Corporation.

Application for the liquidation orders was made to the Court in Peiping yesterday, but Judge Helmick announced that he required a little time to consider the matter before giving his decision.

Complaint Filed In Manila

MANILA, May 27.—Acting on behalf of Mr. Courtney Whitney, a prominent business man and "others similarly situated" in Manila, Attorney E. A. Perkins to-day filed a complaint in the Court of First Instance to place the American-Oriental Finance Corporation in receivership.—Reuter.

File H.G.
Chen

PETITION FILED OVER BANK

American-Oriental Lawyer
In Peking

RUSSIANS FORM BODY

Wish Representation with
Liquidation Board

Peiping, May 27.

A petition in equity for liquidation of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation and the Raven Trust Company, and a voluntary application for the appointment of a liquidator, were presented this afternoon to Judge Milton J. Helmick, of the United States Court for China, now in session here.

The petition and application were presented by Mr. Cornell S. Franklin, attorney for the Raven interests, who flew here specially for that purpose.

An application was also made by Mr. A. H. Driscoll, Vice-President of the Asia Trust Co., for a trustee to be appointed and reorganise the Asia Realty Company.

Although Judge Helmick this morning intimated that he would announce his decision later in the day, he stated this afternoon that he was not yet ready to make any decision.

Another application submitted by Mr. Franklin, however, requesting that the American Marshal in Shanghai seal the premises of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company, was approved by Judge Helmick.

Judge Franklin to-day stated that he hoped to return to Shanghai by the plane leaving here on Wednesday.—Reuter.

Liquidator for Philippines

Manila, May 27.

Mr. J. Warner Brown, of Shanghai, as a result of a court order to-day, was appointed receiver for the American Oriental Finance Corporation's operations in the Philippines.

This action was taken following the petition for a receivership which was filed by Mr. Courtney Whitney, one of the firm's important clients. The petition cited the liquidation of the Shanghai office of the company.—United Press.

Russians Organize

Russian depositors in the American Oriental Banking Corporation are now in process of forming themselves into an organized body, with a purpose of defending their interests, legally and otherwise, as a unit. The Russian Industrial and Commercial Society took the lead in the formation of this unit, by issuing an appeal to all those who have deposits in the bank to register their names, with the amount of their deposits, in their office, which is in the new Russian Club building at 746 Avenue Foch. It is announced that the appeal will also be made shortly to outport residents, especially in Tientsin, where the bank had a branch office.

It is stated in reliable quarters that it is the intention of the society to claim for the new body a seat on the liquidation committee to be appointed to clear up the affairs of the bank, in addition to the organized legal claims which the society is to institute in the interests of the depositors.

The Thrifteor Bank, a Russian organization, organized and existing under American law, is now offering loans on easy terms to those small depositors who have been hardest hit by the closing of the American-Oriental Banking Corporation. The Thrifteor Bank has announced that they are ready to issue loans on easy terms up to twenty per cent. of the amount which each individual had on deposit in the bank now closed. This offer of help, however, is only for those whose deposits amounted to less than \$500.

Tsingtao Action

Tsingtao, May 27.

Under instructions from the Tsingtao Municipal Government, a Liquidation Committee to investigate the accounts of the recently suspended Tsingtao branch of the Ming Hwa Commercial and Savings Bank was appointed yesterday.

The committee is composed of representatives of the Tsingtao Bankers' Association, the Tsingtao Bar Association, and the creditors.

Proceeding immediately with its work, the committee found that a total of \$800,000 was remitted to Shanghai on May 22 by order of Mr. Chang Chiung-po, the General Manager.

Admiral Shen Hung-ieh, Mayor of Tsingtao, upon learning this, decided that judicial proceedings be initiated against Mr. Chang.

Ten specific charges of irregularities on the part of Mr. Chang are enumerated by the creditors of the Bank in a manifesto issued yesterday.—Kuo Min.

Directors Responsible

Nanking, May 27.

It is learnt that the Ministry of Finance, in an order to the Ming Hwa Commercial and Savings Bank, instructs that the members of the Boards of Directors and Supervisors will be held jointly responsible for the bank's operations. A detailed statement of the liabilities and assets, drawn up by chartered accountants, must be submitted to the Ministry without delay.

The Ministry has also instructed Mr. Hsu Kan, the new Administrative Vice-Minister of Finance, to supervise the liquidation of the head office of the bank at Shanghai.—Kuo Min.

26/5/35

SHANGHAI MURICHAU
S. O. P. K. C.

**Two Tientsin Banks
Have "Runs"**

TIENTSIN, May 25.—Affected by the temporary suspension of business of the local branches of the American Oriental Banking Corporation and the Ming Hua Commercial and Savings Bank, the Tientsin branches of the National Industrial Bank of China, and Dah Chung Bank experienced a run yesterday.

The run, however, was tided over later in the day as result of rapid measures taken by the banks to meet all demands from the depositors.—Central News.

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Underwriters Savings Bank Position Is Explained

Frank Statement Made Yesterday Afternoon By
Mr. C. V. Starr; Strong Cash Position Is
Emphasized; Asia Life Insurance Assets

Questioned yesterday afternoon regarding possible reactions of the suspension of the American-Oriental Bank and affiliated companies on American business in China, Mr. C. V. Starr, Chairman of the Asia Life Insurance Company and President of the Underwriters Savings Bank, said that while the difficulties of the Raven institutions were regret-

table, and most unfortunate from the standpoint of American prestige, other sound institutions, American and otherwise, have suffered no widespread lack of confidence or business as a result.

"It is in times like these," he said, "that properly managed companies display their real strength and public usefulness. Undoubtedly, the American silver policy has worked with other factors in making the present times difficult, but trouble in which various local companies have become involved may be traced to matters much more simple, such as borrowing short-term unsecured money and placing it in fixed investments."

No Connections

In response to queries put by representatives of Shanghai newspapers regarding any possible connection between the

Raven interests and his own companies, Mr. Starr made the following frank statements:—

"I am glad of an opportunity to make our position quite clear. First of all, the Underwriters Savings Bank has no connection with the Raven interests and never has had. To a large degree it is a competing organization, though its character is different in that it is exclusively a savings bank and does no general banking business.

For the past couple of years, due to business conditions, the Underwriters Savings Bank has made a practice of keeping a strong cash position. During the past few months, a period of increasing financial stringency, this position has been further fortified in anticipations that people might be forced to draw upon their savings. Over this period it has been the policy of the bank to keep a dollar in cash in its vaults for every dollar of demand deposits. This was the position on May 24 and the position is stronger to-day.

Assistance Not Needed

The Underwriters Savings Bank has been endorsed as a savings institution by the larger banks, and the National City Bank of New York in particular has (Continued on Page 7, Col. 4.)

for a long time been especially well acquainted with its work and exact position. As a result, assistance was promptly offered by these banks, anticipating troublesome reactions when the American-Oriental Bank's position became known. While such offers are naturally greatly appreciated it is even more satisfactory not to need the assistance.

"Most of the bank's clients have carried on normal deposits and withdrawals. Some have been anxious. In times such as these the management appreciates and fully sympathizes with such a feeling. In all cases where such anxiety was manifest, we have encouraged such depositors to withdraw their funds, at least temporarily, for their own peace of mind.

Asia Life Position

"As regards the Asia Life Insurance Company, there was once a rather close relationship between it and the Raven group, but for many years the only contact has been that a small percentage of Asia Life investments is in securities of this group.

"All of these investments and credit balance in the Raven Trust Company have been completely written off, although they may not be a total loss. The action was part of a general writing-down policy including these investments to assist which the last annual meeting of the Asia Life decided to omit final stockholders' dividends for the year.

"The position of the Asia Life is that on December 31, 1934, it had \$5,500,000 policy-holders' reserves, \$588,000 capital, and surplus funds, including special reserves, of \$471,000. Since the beginning of the year, I estimate that the company has earned about \$100,000, so that the surplus, had nothing been writing off, would be \$571,000.

"To write off the Raven group items has required \$270,000, reducing assets three and three-quarters per cent. Thus the surplus funds now stand at \$300,000. The capital is undisturbed and the reserves have considerably increased since January first. Policy-holders' dividends will not be affected as the entire write-off represents less than nine months' operating profit.

"Mr. Raven previously served as a Director of the Asia Life but recently resigned. He has never had any connection with the Underwriters Savings Bank."

AMERICAN-ORIENTAL BANK'S POSITION

Representatives Fly To
Peiping To Arrange
For Liquidation

FIRST EXCITEMENT HAS SUBSIDED

In an effort to proceed as speedily as possible with the liquidation of the involved affairs of the American-Oriental Banking Corporation and affiliated bodies, The Raven Trust Company and American-Oriental Finance Corporation, Mr. C. S. Franklin, attorney for the Bank, and Mr. A. H. Driscoll, secretary, left Shanghai yesterday morning by C.N.A.C. plane for Peiping where they will place before Judge Milton D. Helmick, of the United States Court for China, a petition for the appointment of a liquidator. A petition for the appointment of a trustee for the Asia Realty Company will be submitted to Judge Helmick at the same time.

Following the closing of the doors of the American-Oriental Bank on Friday morning and the announcement of Mr. F. J. Raven, head of the institution and other Raven interests, that depositors of the bank would be repaid dollar for dollar, the firm's attorney, Mr. Franklin, prepared to present the petition for liquidation to the United States Court for China immediately. The Court is at present holding sessions in Peiping and is not expected back in Shanghai for two weeks.

It was understood from officials of the bank that immediately a liquidator is approved by the Court the process of straightening out the affairs of the institutions will be commenced with the object of avoiding as much additional inconvenience to depositors as possible.

A number of depositors appeared at the bank yesterday morning hoping that the doors might be open for business, but they were disappointed. The general outward excitement in the vicinity of the Bank the previous day was absent yesterday, however.

Ch.

106.94

BANK'S CLOSURE HITS RUSSIANS

Many Small Deposits in
American Oriental

A NEW RUN CHECKED

Dollar for Dollar is
Underwriters' Boast

The closing of the American Oriental Banking Corporation has brought about a tense situation in the local Russian community. It is said that the approximate amount of money deposited by Russian residents is over \$3,000,000. Almost all Russian merchants had their accounts in the American Oriental Bank, while hundreds of others kept their savings there.

The majority of deposits made by Russians were very small, ranging from \$50 to \$500, but the fact that they represented the only savings of hundreds of people whose monthly budget in many cases is below \$100 makes the situation the more grave. Yesterday there were hundreds of telephone calls to local Russian newspapers, from depositors trying to obtain the latest information regarding the closing of the bank.

The Underwriters Bank

Questioned yesterday regarding possible reactions to the suspension of the American Oriental Bank and affiliated companies on American business in China, Mr. C. V. Starr, chairman of the Asia Life Insurance Company and president of the Underwriters Savings Bank, said that there had not been any widespread lack of confidence or business as a result. "Undoubtedly the American silver policy," he said, "has worked with other factors in making the present times difficult, but troubles in which various local companies have become involved may be traced to matters much more simple, such as borrowing short-term unsecured money and placing it in fixed investments."

Mr. Starr continued:—

"I am glad of an opportunity to make our position quite clear. First of all, the Underwriters Savings Bank has no connection with the Raven interests and never has had. To a large degree it is a competing organization, though its character is different in that it is exclusively a savings bank and does no general banking business. For the past couple of years, due to business conditions, the Underwriters Savings Bank has made a practice of keeping a strong cash position. During the past few months—a period of increasing financial stringency—this position has been further fortified in anticipation that people might be forced to draw upon their savings. Over this period, it has been the policy of the bank to keep a dollar in cash in its vaults for every dollar of demand deposits. This was the position on May 24 and the position is stronger to-day.

Assistance Not Needed

"The Underwriters Savings Bank has been endorsed as a savings institution by the larger banks, and the National City Bank of New York in particular has for a long time been especially well acquainted with its work and exact position. As a result, assistance was promptly offered by these banks, but, while such offers naturally are greatly appreciated, it is even more satisfactory not to need the assistance.

"Most of the bank's clients have carried on normal deposits and withdrawals. Some have been anxious. In times such as these, the management appreciates and fully sympathizes with such a feeling. In all cases where such anxiety was manifest, we have encouraged such depositors to withdraw their funds, at least temporarily, for their own peace of mind.

"As regards the Asia Life Insurance Company, there was once a rather close relationship between it and the Raven group, but for many years the only contact has been that a small percentage of Asia Life investments is in securities of this group. All these investments and credit balances in the Raven Trust Company have been completely written off, although they may not be a total loss. The action was part of a general write-down policy including these investments, to assist which the last annual meeting of the Asia Life decided to omit final stockholders' dividends for the year.

Asia Life's Position

"The position of the Asia Life is that, on December 31, 1934, it had \$5,500,000 policy-holders' reserves, \$588,000 capital, and surplus funds, including special reserves, of \$471,000. Since the beginning of the year, I estimate the company has earned about \$100,000, so that the surplus, had nothing been writing off, would be \$571,000. To write off the Raven group items has required \$270,000, reducing assets 3 3/4 per cent. Thus the surplus funds now stand at \$300,000. The capital is undisturbed and the reserves have considerably increased since January 1. Policyholders' dividends will not be affected, as the entire write-off represents less than nine months' operating profit."

Run Subsides

A minor run which started on the Underwriters Savings Bank on the Bund on Friday morning has subsided, and the situation at the bank was more or less normal yesterday. In an advertisement inserted in the Chinese papers yesterday, the authorities of the institution announced that the office hours have been extended from 9 a.m. to 4 p.m. on week days, and from 9 a.m. to 12.30 p.m. on Saturdays.

Mr. C. S. Franklin, attorney for the F. J. Raven interests, left by aeroplane yesterday morning for Peiping, to apply for the liquidation of the American-Oriental Banking Corp., American-Oriental Finance Corp., and the Raven Trust Co., all of which closed their doors on Friday. Judge Milton J. Helmick of the U. S. Court for China is at present in Peiping.

The Asia Realty Co., which is to apply for a trustee in the U.S. Court for reorganization, carried on business as usual yesterday. An official

of the firm informed the "North-China Daily News" that, as far as the firm was concerned, everything remained normal.

Officials of the banking corporation expressed the hope of bringing about an early liquidation in the interest of the depositors. It was hoped that, with the appointment of a liquidator, partial payments to the depositors might be made first, and the belief was expressed that every depositor would receive full payment of deposits.

Closure of Chinese Bank

An emergency meeting will be held on June 9 by the shareholders of the Ming Hwa Commercial and Savings Bank, 330 Peking Road, which suspended business last Friday, following the closure of its branches in Tsingtao, Tientsin, and Peiping. With the departure of the responsible officials for the north, all account books and important documents of the institution have been deposited with Mr. Wei Chun, a lawyer, and Mr. Cheng Kai, a public accountant.

According to a Chinese telegram from Tsingtao, more than 1,000 depositors of the branch bank there surrounded Admiral Shen Hung-lieh, the Mayor, in front of the City Government building, last Friday morning. The demonstrators dispersed after an official of the Bureau of Social Affairs had explained that the bank had been instructed to raise \$600,000 to pay the depositors.

The Ministry of Finance is understood to be paying close attention to the banking situation.

[Handwritten signature]

10646

THE AMERICAN ORIENTAL BANK CLOSES DOORS

American Oriental Finance Corporation and Raven Trust Follow Suit: Tientsin Branch Also Shut

ASIA REALTY APPLYING FOR TRUSTEE

Depositors to Come First, Says Mr. F. J. Raven: Hopes of Repaying 100 Per Cent.

IN spite of the fact that the American Oriental Banking Corporation, with its head offices at 29 Nanking Road, made a profit of nearly six lakhs last year, had approximately \$8,000,000 in deposits, and a capitalization of approximately \$4,700,000 the Board of Directors, meeting yesterday morning, decided to close the bank and apply for liquidation through the United States Court for China. At 10 a.m., notices to this effect were posted at the main doors in English, Russian, and Chinese.

The notice in English read:—"The American Oriental Banking Corporation has been closed by order of the Board of Directors pending an application to the U.S. Court for China for the appointment of a liquidator. (signed) Secretary."

With the same gesture, the American-Oriental Finance Corporation and the Raven Trust Company closed their offices to public business. The Asia Realty Company, generally, but mistakenly, understood to be an associate company, remained open for business. The latter company, however, is to apply for a trustee in the U.S. court, in accordance with a recent Congressional statute—77B—for reorganization.

The official statement of the American Oriental Banking Corporation, issued yesterday, read:—

"Owing to the increasing business depression and the present local financial situation that is making it practically impossible to maintain sufficient cash balances to meet current obligations, the Directors and Officers of the American Oriental Banking Corporation have decided that it would be in the best interest of the depositors to liquidate the bank at this time when it is believed that all depositors in an orderly liquidation will receive 100 per cent. of their deposits."

DEPRESSED MARKET, UNCERTAIN FUTURES

Interviewed yesterday by a representative of the "North-China Daily News," Mr. F. J. Raven, President of the American Oriental Bank, said:—"After a conference of the Directors of the Bank, which was supplemented by other financial expert advice, we came to the conclusion that, with business conditions as they are, we had no other recourse, bearing the interest of our depositors in mind, excepting to suspend business."

"The bank is now in a position to pay 100 cents on the dollar, providing business conditions continue during liquidation as they are now. Our assets will easily provide for this payment. We could have continued business, but, with a depressed market and uncertain financial futures, we agreed that our first duty was the restitution of money owing to our thousands of depositors."

Depositors First

Mr. Raven, by a chart, explained the indications of steadily-decreasing possibilities of continuing business here. The graph was based on conditions since January 1. Were basic conditions to decline further, no one knew what would happen, he said, and continued:—"We feel that, if we close our doors to-day, we can repay our depositors 100 per cent. If

Latest Bank Statement

The following is the condensed statement of the bank as of December 31, 1934:—

RESOURCES	
Loans and Discounts	S'hai \$ 8,986,430.56
Stocks and Bonds	37,767.90
Furniture and Fixtures	130,169.21
Customers' Liability under L/C	1,224,437.05
Customers' Acceptances	1,112,887.99
Accrued Interest and Accounts Receivable	121,905.09
Bills Received for Collection	639,787.84
Other Assets	4,628.54
Bills Purchased Sight and under L/C	2,320,219.14
Cash on hand and in Banks	2,117,032.40
Cash Reserve Against Circulation	32,805.00
	S'hai \$16,723,070.72
LIABILITIES	
Capital (Paid Up)	
Preferred "A" U.S. \$250,000	724,637.68
Common "A" U.S. \$300,000	869,565.22
Common "B" Sh. \$1,250,000	1,250,000.00
Surplus Account U.S. \$300,000	869,565.22
Surplus Account	1,250,000.00
Undivided Profits	407,268.36
Reserve for Tax, Dividends, etc.	150,339.74
Deposits	8,375,884.76
Circulation	32,805.00
Banks Liability under L/C	1,224,437.05
Drafts in Transit	800,284.56
Accrued Interest and Accounts Payable	125,309.05
Bills Received for Collection	

[Handwritten mark]

The depression continues for several years, we might be able to pay only 30 per cent. For that reason we took this drastic measure. Shareholders will come after depositors have been paid. They have never been paid less than 8 per cent. dividend on the market value of their shares, and, at times, have received as much as 25 per cent. on par value."

Much of the bank's apparent weakness, in Mr. Raven's opinion, was due to the huge silver purchases by the American Government under the Silver Purchase Act. A resultant factor resolved itself into arithmetic—depositors' money had been invested in first-class securities, and at the moment there was no market for them. Credit was virtually non-existent.

Had business continued through the opening months of this year on the same plane as during 1934 there would have been no necessity to close the bank, Mr. Raven added.

Asia Realty Company

Concerning the Asia Realty Company, Mr. Raven stated that it would be reorganized under Federal Statute, and with its capitalization of \$20,000,000. He hoped to be associated in an executive capacity under the trustee who would be appointed by the U.S. Court for China. Primarily a realtor, he had confidence in the Asia Realty Company when reorganized, but declared himself as having no intention of re-entering the banking business. Contrary to a prevailing opinion, Mr. Raven stated emphatically that the bank had no interest in the so-called allied companies, meaning the American Oriental Finance Corporation, the Raven Trust Company, and the Asia Realty Company. Further, the bank had not invested in real estate ventures.

The Raven Trust Company was organized in 1914, the bank in 1917, and the Asia Realty and the Finance Company in 1922. In the early part of the last decade, the bank had several branches in outports, all of which were closed with the exception of the Tientsin branch. This latter was closed yesterday at the same time as the head office.

The depositors in the American Oriental Banking Corporation were drawn from all nationalities and all classes in this part of the world. Prominent were a large number of Russians, Chinese, and Americans, a great many missionaries being among the latter. It was learned yesterday that Mr. C. S. Franklin is being sent to Peiping by aeroplane, there to request the necessary action of the U.S. Court for China, Judge Milton J. Helmick being in Peiping at present.

(Contra)	639,104.04
Other Liabilities	8,186.24
	S'hai \$16,728,070.72

Asia Realty Statement

The secretary of the Asia Realty Company yesterday issued the following statement:—

"The Asia Realty Company has applied to the U.S. Court for China for the appointment, under Section 77 B. of a Trustee with discretionary powers who will supervise the operations of the Asia Realty Company in conserving its assets for the benefit of its security holders, fearing the possible sympathetic reaction on account of the voluntary liquidations of the American Oriental Banking Corporation, the American Oriental Finance Corporation, and the Raven Trust Company. This procedure will allow an orderly retiring of obligations without sacrificing the equities securing debenture holders, other creditors, and the general shareholders.

"It is expected that, upon the trustee's complete disposal of loan certificates as a liability, the powers of the trustee will no longer be required for the continued normal operation of the Company."

Underwriters Savings Bank

A minor run started on the Underwriters Savings Bank on the Bund yesterday morning. The situation, however, became normal by 3 p.m. Mr. N. Yakoonnikoff, director and vice-president of the bank, in an interview with a representative of the "North-China Daily News," yesterday afternoon, stated that no more than \$20,000 to \$25,000 was withdrawn by depositors of small sums during the day. The run started in the morning, following the closure of the American Oriental Banking Corporation. This was probably due to some mistake of certain persons in connecting the two concerns, although they were not affiliated at all.

"We had plenty of silver and money in our vaults," Mr. Yakoonnikoff stated. "In order to satisfy our depositors, the closing hour of the bank may be extended to 5 p.m. or even to a later hour." The interviewer visiting the place found no necessity of such extension, as by 3.15 p.m. there were but two or three persons doing business with the firm over the counter.

U. S. Silver Purchase Plan Is Blamed For Bank Liquidation

American Oriental Bank, American Oriental Finance Corp., Raven Trust Co. Will Enter Voluntary Liquidation; Expected To Pay 100%

Because of aggravated local financial conditions, attributed mainly to the U.S. silver purchasing plan which has caused a shortage of the metal here and has tightened up credit, three pioneer American banking and investment houses have decided to suspend business and to go into voluntary liquidation. The companies are known as the "American-Oriental" group and are: The American Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company.

Yesterday the American-Oriental Banking Corporation issued the following statement in regard to the decision of the board of directors to liquidate the company:

"Owing to the increasing business depression and the present local financial situation that is making it practically impossible to maintain sufficient cash balances to meet current obligations, the directors and officers of the American Oriental Banking Corporation have decided that it would be in the best interest of the depositors to liquidate the bank at this time when it is believed that all depositors in an orderly liquidation will receive 100 per cent of their deposits."

No Silver To Carry On

In an exceedingly frank interview yesterday with a CHINA PRESS reporter, Mr. F. J. Raven, president of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company, commented on the action taken by the companies.

"The reasons stated for the liquidation of the American-Oriental Banking Corporation," Mr. Raven said, "apply as well to the other two companies. In a word the situation can be attributed to the American silver purchasing plan which has drained silver from the country. There is no silver to carry on. As a result, securities here are unsettled and it is difficult to raise cash. Credit has also been cut. When it is realized that 80 per cent of business is done on credit and when credit disappears, the effect on business is not hard to see."

"The present situation is not a new one and is the result of a general development over the past six months. All three companies are solvent, all were operating successfully. But the U.S. silver purchasing plan will undoubtedly continue and while one cannot forecast, it seems that the downward trend of business will continue. On the other hand, it may not. But we are taking the precaution of liquidating now so that the depositors, shareholders, and creditors will be protected. The step is being taken entirely for the benefit of depositors. As you notice in the bank's statement, we believe depositors will receive 100 per cent of their deposits. If we were to wait now and would liquidate later, the downward trend of business continuing, it is likely

that the percentage of payment to the depositors would be much less."

Mr. Raven said that he hoped liquidation proceedings would be quickly organized so that by the beginning of next week payments to depositors could start. Payments would be made, Mr. Raven said, on a percentage basis and might extend over a period of months.

Asia Realty Unaffected

The Asia Realty Company, of which Mr. Raven is also president, is not directly affected by the step of the other three companies. In this connection, Mr. T. F. (Continued on Page 2, Col. 2.)

McRae, secretary, issued the following statement: "The Asia Realty Company has applied to the U.S. Court for China for the appointment, under section 77-B, of a trustee with discretionary powers who supervise the operations of the Asia Realty Company in conserving its assets for the benefit of its security holders; fearing the possible sympathetic reaction on account of the voluntary liquidations of the American-Oriental Banking Corporation, the American-Oriental Finance Corporation, and the Raven Trust Company. This procedure will allow an orderly retiring of obligations without sacrificing the equities securing debenture holders, other creditors, and the general shareholder. It is expected that upon the trustee's complete disposal of loan certificate as a liability the powers of the trustee will no longer be required for the continued normal operation of the company."

In commenting on the statement Mr. McRae told a CHINA PRESS reporter that the decision to apply for the appointment of a trustee was made at a meeting of the board of directors held yesterday. It does not imply, he said, that the company is going to be reorganized. The step was taken as a safeguard and it is possible that the trustee will not have to use his powers whatsoever. The step is being taken under Section 77-B of the new American laws concerning the safeguarding and reorganization of corporations and part of the provisions of the section were used in China for the first time in the reorganization of United Theaters.

Mr. Cornell S. Franklin, legal adviser to the Raven interests, will leave this morning by plane for Tientsin to take care of the application for liquidation of the three companies and of the application for the appointment of a trustee for the Asia Realty Company.

Mr. F. J. Raven, founder of all organizations, is a veteran in the business, having first come to Shanghai in 1904. The Raven Trust Company was the first of Raven interests to be established and was incorporated under American charter in 1914 with Mr. Raven as president and general manager. In 1916 the American-Oriental Banking Corporation was incorporated under the laws of Connecticut and in 1922, the Asia Realty Company and the American-Oriental Finance Corporation were incorporated under the China Trade Act. The Raven Trust Company held a controlling share interest in the American Oriental Finance Corporation, which in turn held a similar interest in the Asia Realty Company and the American Oriental Banking Corporation. Neither of the latter two companies held stock in the finance corpora-

tion or the trust corporation. The combined assets of the companies in 1931 were Sh.\$65,000,000.

Opened In 1917

The American-Oriental Banking Corporation was first opened for business on October 1, 1917. Branches were established in Amoy, Chungking, Foochow, and Tientsin but because of political conditions, only the Tientsin branch was maintained. The bank has from 8,000 to 10,000 depositors of 40 nationalities. Many of the depositors are Russian. Total deposits in the bank are about \$10,000,000; surplus and reserves, about \$2,177,000; paid-up capital, about \$3,500,000; assets, about \$18,000,000. Stock issue was authorized as follows: 50,000 shares common stock "A," par value U.S.\$10; 125,000 shares common stock "B," no par; 50,000 shares preferred stock "A," par U.S.\$10; 125,000 shares preferred stock "B," no par.

Yesterday the simple announcement on the doors of the bank on Nanking Road to the effect that the bank would be closed pending the appointment of a liquidator caused a mild sensation in the city. Several Russian depositors actually had hysterics but when the actual status was explained they were calm. Russian deposits are said to total from \$3,500,000 to \$4,000,000.

Credit Crisis

10641

9

May 27, 1935.

Morning Translation.

Shun Pao and other local newspapers :-

ARRIVAL OF 262 HUPEH REFUGEES

262 refugees, all natives of Hupch, arrived in Shanghai from Ningpo on the s.s. Hsin Ning Shing (新寧興) on the morning of May 25. These refugees were deported by the Ningpo authorities.

The Bureau of Public Safety is making arrangements with benevolent bodies for their repatriation to Hupch.

China Times and other local newspapers :-

CHINESE LOSING CONFIDENCE IN FOREIGN BANKS

The closure of the American-Oriental Bank has seriously shaken the confidence of Chinese in foreign banks. It is learnt that many Chinese have withdrawn their deposits from foreign banks and deposited them in Chinese owned banks.

May 25, 1935.

Morning Translation.

6-48
25. 5. 35

Min Pao (official organ of the Kuomintang):-

THE NEW CRIMINAL CODE: PRISONERS TO BE RELEASED ON JULY 1

On May 24 the Ministry of Justice issued the following circular order to Procurators of various High Courts:-

"The new criminal code and the regulations governing its enforcement have been promulgated by the Chinese Government and will be put into force as from July 1. Persons who have ^{been} sentenced under the present criminal code or who have been charged according to this code will be released on July 1 if these offences have not been made punishable in the new code.

"Procurators and magistrates are hereby instructed to make the necessary arrangements in connection with this new measure. They should submit to the Ministry before July 15 a list of prisoners released under these new regulations".

China Times and other local newspapers:-

THE FAILURE OF THE MING HWA BANK

In connection with the failure of the Ming Hwa Bank, Dr. H.H. Kung, Minister of Finance, in an interview with a reporter yesterday, stated that the Ministry of Finance has instructed the Bank to refund in full all the deposits in the Savings Department within one month. The Board of Directors of the Bank will be ordered to make good any deficit in this respect.

Min Pao publishes the following editorial:-

THE FAILURE OF THE AMERICAN - ORIENTAL BANK

Heavily affected by the depression in the realty business, the American-Oriental Bank closed its doors on May 24.

The failure of the concern should serve as a warning to local banks not to deal any more in land business in the Settlements, but to invest their money in agriculture.

China Times publishes the following comment:-

The closure of the American-Oriental Bank is an effective warning to those Chinese who blindly place their trust in foreign banks.

We have no intention to laugh at another's misfortune but we must acknowledge that the failure of the Bank should be a good lesson to us. Not all foreign banks in Shanghai are organized on firm foundations or do business in a prudent manner. Chinese people should place more trust in their own banks.

The Chinese Authorities should instruct the management of the American-Oriental Bank to refund the deposits of all Chinese. They should hereafter place a stricter supervision over foreign banks so that the welfare of the Chinese people may be adequately protected.

D 6748

FLASH

NO.

2

D-6777

D-6779

D-6781

D-6782

S. B. REGISTRY

D 6777

Date 18. 6. 1935

June 18

35

Mrs. Edith Gleason,
165 Berkley St.,
Carlton, N.S.,
Melbourne,
Australia.

Madam,

With reference to your letter dated May 14,
I have to state that your letter has been shown to
Mr. R.D. Parkin who states that he would communicate
with you in due course.

I am, Madam,

Your obedient servant,



Deputy Commissioner (Special Branch)
for Commissioner of Police.

SHANGHAI MUNICIPAL POLICE.

File No. SHANGHAI MUNICIPAL POLICE
B. REGISTRY.

Special Branch D.2.
REPORT

Station 6227

Date June 17th 18 19 35

Subject Letter from Mrs. Edith Gleeson of 165, Berkley St., Carlton N. 3, Melbourne, Australia, on the subject of her dead sister's son, Douglas Reg Parkin.

Made by D.P.S. Duke

Forwarded by *R.D. Parkin*

Mrs. Gleeson's letter has been shown confidentially to Mr. R.D. Parkin, who is now employed in C.E. Spark's Insurance office, 322 Kiangse Rd., and he stated that the writer was his aunt and that she had on a previous occasion attempted to get into touch with him through the Municipal Council, by whom he was then employed.

Mr. Parkin said that he would appreciate if the Police, in their reply, would content themselves with informing Mrs. Gleeson that her nephew had been shown her letter and that he would communicate with her himself.

R.D. Parkin

D.P.S.

D.C. (Special Branch).

Mr Yao, Please prepare draft.

JH

18 JUNE 1935

SHANGHAI MUNICIPAL POLICE.

File No.

S.I, Special Branch. ~~7777~~ 6719

REPORT

Date... July 19, 1937.

Subject Local cultural circles to commemorate the death of Loo Sing (魯迅),
the late prominent left wing writer.

Made by Clerk Liao Chung Chien Forwarded by C. Crawford D.D

Some 30 persons, most of whom are left wing writers, held a tea party in the C.U.A. Restaurant, No.104 Bubbling Well Road, between 3 p.m. and 5 p.m. July 18, 1937. Zung Tseng Toh (新坡洋), a professor of the Chinan University, Chenju, and leader of the Shanghai Cultural Circles National Salvation Association, presided.

Discussions took place and the following measures in connection with the commemoration of the death of Tseu Zu Jen (魯迅), alias Loo Sing, the late prominent left wing writer, were passed:-

1. That a "Loo Sing Memorial Committee" be organized and Madame Sun Yat-sen be appointed President of the Committee.
2. That the Committee establish two offices, one in Shanghai and the other in Peiping.
3. That the following seven persons be appointed to take charge of the Shanghai Office:-

- Mao Dung (茅盾) - a writer.
- Hsu Kwang Ping (許廣平) - -do-
- Dien Chung (田單) - -do-
- Tsang Tien Yih (張天翼) - -do-
- Li Lih Vung (黎烈文) - -do-
- Hu Yu Tse (胡愈之) - a journalist and a committee member of the Race Salvation Association.

Zung Tseng Toh (新坡洋) - Leader of the Cultural Circles National Salvation Association.

4. That funds be raised for the purpose of establishing a "Loo Sing Prize" to be donated to the best scholars and writers in the country.



File
DBR
2077

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19

Subject

Made by Forwarded by

5. That a bronze statue of Loo Sing be erected.

6. That an album in memory of the deceased writer be published.

7. That the following persons be appointed to take charge of the fund raising campaign in the various places:-

Dr. Ling Yu Tang (林语堂), America.
a writer.

Mr. Tao Ying Tse (陶行知), -do-
a committee member of the National Crisis Education Association.

Mr. Wong Li Sih (王礼锡), Great Britain.
a prominent member of the Social Democratic Party.

Mr. Yoh Dah Fu (郁达夫), Fokien.
a left wing writer.

Dr. Hong Sung (洪深), Canton and Hongkong.
a professor of drama, and one of the chief promoters of the Race Salvation Association of Association and the/Shanghai Cultural Circles for the Abolition of the Right to Censor plays, songs and motion picture enjoyed by the Settlement Authorities.

8. That memorial service in honour of the deceased writer be held in the International Cemetery on the 1st Anniversary of his death which falls on October 19, 1937.

Liao Chung-chien
Clerk.

D.C. (Special Branch). D.C. 1937

4-
November 4, 1936.

Morning Translation. 6770
Date _____/_____/____

Ta Kung Pao and other local newspapers :-

DEATH OF MARSHAL TUAN CHI JUI

It is learned that the Executive Yuan, at a meeting held yesterday, passed the following resolutions in connection with the death of Marshal Tuan Chi Jui :-

- 1) That the national flag be hoisted at half-mast on November 5 when the ceremony of encoffining the remains of the late Marshal Tuan Chi Jui will be held.
- 2) That the late Marshal be given the posthumous rank of General of the highest grade.
- 3) That the late Marshal be accorded a State burial.
- 4) That a sum be contributed towards the funeral expenses of the late Marshal.

Many high Government officials have sent telegrams of condolence to the family of Marshal Tuan Chi Jui. President Lin Sen of the National Government, who arrived in Shanghai from Nanking at 6.50 a.m. yesterday, visited the residence of the late Marshal on Avenue Joffre, French Concession, to offer his condolence. He was accompanied by General Yang Fu, Woosung-Shanghai Garrison Commissioner.

Amongst other high Government officials and prominent persons who called yesterday were Mayor Wu Te Chen, Dr. Chu Min Nyl, General Tsai Chin Chun and Mr. Yu Ya Ching.

Central China Daily News and other local newspapers :-

PUBLIC BODIES TO INAUGURATE A "COMMITTEE IN MEMORY OF THE LATE LEFTIST WRITER MR. LU SIN"

At 3 p.m. November 2, the family of the late Leftist writer Mr. Lu Sin (魯迅) and the Funeral Affairs Committee gave an entertainment to Messrs Tsai Yuan Pei, Sun Chun Shih (孫君) and 50 other representatives of various public bodies, and members of the Funeral Affairs Committee.

Mr. Hu Foong (胡風) reported that as the work of the Funeral Affairs Committee was now over, a Committee in memory of the late Mr. Lu Sin should be inaugurated.

Mr. Tsai Yuan Pei, Madame Sun Yat Sen and others were subsequently appointed members of the Committee and entrusted to make arrangements for a memorial service to the late writer in the name of the various public bodies.

November 4, 1936.

Morning Translation

GENERAL OFFICE
C. E. REGISTRY.

Date: 11/11/36

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October 31, 1936.

NIPPO(30-10-36)

SHANGHAI MUNICIPAL POLICE
S. S. REGISTRY.
No. D 6779
Date 11 1

SITUATION IN THE NORTH BECOMES CRAVE

The Nippo publishes the following leading article:-

The Taiyuan incident will create difficulties in the Sino-Japanese negotiations. So long as the Nanking Government prolongs the negotiations, troubles will take place. This policy of protraction is due to the fact that the National Government and the Chinese people are in too great fear of Japan. For instance, when they hear the words "North China" or "co-operative anti-communist campaign" they fear that Japan intends to invade North China and later South China. Japan has been misunderstood by China because of such propaganda which is also the cause of the anti-Japanese movement and of the so-called anti-Japanese united front which is being discussed everywhere. The leftists are attempting to make use of this fear of Japan. General Chiang Kai Shek and other high officials may accept Japan's demands and suppress anti-Japanese activities in the belief that China cannot fight Japan, but they are not in a position to control the anti-Japanese feelings of the people. The leftists are attempting to unite their anti-Japanese front with that of the students.

A number of leftists acting on the instructions of the Soviet Ambassador and the Soviet Military Attache are proceeding to the North to hold important conferences and to instigate disturbances after which they will return to Shanghai to start similar work. Soviet Russia fears Sino-Japanese rapprochement for it will lead to a joint anti-communist campaign. For this reason, the Soviet is giving every possible assistance to the anti-Japanese front. Japan will not tolerate these Soviet activities in Shanghai. We must take decisive action.

NIPPO

JAPANESE AMALGAMATED ASSOCIATION AND THE EXTRA SETTLEMENT ROADS

At 8 p.m. yesterday the North Branch of the Japanese Amalgamated Association of Street Unions held a conference with representatives of thirty-one street unions to consider the question of Extra-Settlement roads because there are great Japanese interests in the Northern district. Further discussions will be held at the beginning of next month.

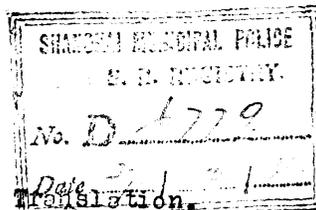
MAINICHI

ANTI-JAPANESE ACTIVITIES OF TSIANG NAI CHI

On October 22 when the funeral of the well known Chinese writer Lu Shin took place, the popular front connected the late writer with the anti-Japanese movement. After several persons had delivered speeches at the International Cemetery, some person suddenly called out the names of Madame Sun Yat Sen and Mr. Tsiang Nai Chi and both of them stood up and delivered strong anti-Japanese speeches.

Mr. Tsiang Nai Chi is the leader of the anti-Japanese popular front. Madame Sun Yat Sen and Tsiang Nai Chi are leftists; they are the connecting links between the popular front and the communist party.

3.



October 27, 1936.

Afternoon Translation.

Ta Kung Pao and other local newspapers (Peiping telegram) :-

A CERTAIN NATION TO REORGANIZE THE TROOPS UNDER BANDIT WONG YING

A certain nation is dissatisfied with Wong Ying, a bandit leader in Charhar. Wong Ying has enlisted in all some 8,000 bandits and this certain nation had intended to place Wong's men under the command of Li Shih Sin.

Wong Ying is much disappointed and for this reason, the attempt to invade Suiyuan has been postponed.

The Shanghai Pao :-

ARREST OF SIAO KOMPO

Huang Yao Tseng (黃耀宗), better known as Siao Kompo (小九) is notorious in Tai Hsien, Kompo, as a manufacturer of red pills.

Last month one of his followers who was arrested by the Chiangnei Public Safety Bureau disclosed Siao Kompo's hiding place at Yuen Tsz Tuan, Kompo. The Police made a raid and arrested Siao Kompo and five of his followers, while a large case of red pills was seized. It is learned that the men will be handed over to the Chinkiang Garrison Commissioner's Headquarters to be dealt with.

Siao Kompo was formerly a loafer in the International Settlement and enjoyed a certain amount of influence among the lawless elements.

The Iron News (铁报) :-

GRAND MEMORIAL SERVICE FOR LATE LEFTIST WRITER

In commemoration with the death of Chow Shih Jen (周树人), popularly known as Lu Sin (鲁迅), a well known Chinese leftist writer, the Chinese Cultural Circles Co-operative Society, is planning to publish a special magazine. Contributions are being solicited throughout the country. The magazine will probably appear about the end of February next year.

It is also learned that the various local public bodies are planning to hold a grand memorial service to commemorate his death.

National Herald (神州日报) :-

THE FOOTUNG WATERWORKS COMPANY

The laying of water mains in Footung by the Footung Waterworks Co., established by the Shanghai Shing Nieh Trust Company, is nearing completion. The company will be able to supply water to Footung residents before the end of the year.

October 27, 1936.

Afternoon Translation.

Ta Kung Pao and other local newspapers (Peiping telegram) :-

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National Herald (神州日報) :-

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STANDARD MESSAGE FORMS
U. S. AIR FORCE
No. 10

4

October 26, 1936.

Afternoon Translation.

solve the dangerous situation confronting China, our Government should encourage the leaders and secure the services of persons of talent and spirit.

Generals Yen Hsi Sen, Sung Cheh Yuen and Han Fu Chu are three officials who seem determined to do good, but their inactivity is liable to ruin the country. They should take risks and create a new situation. Failure to do so will have dangerous consequences for the country.

Social Daily News (社会日报) :-

JAPANESE PEOPLE'S INTEREST IN THE LATE LEFTIST WRITER

The Japanese people and newspapers showed more concern in the death of Tseu Dzu Jen (周树人), better known as Lu Sin (鲁迅), a leading Leftist writer, than the people of China. This would seem to indicate that the demand of the Japanese Naval, War and Foreign Offices for China's co-operation against communism is unreasonable, in view of the protection afforded to Lu Sin by the Japanese people. The number of Japanese people having leftist inclinations is not less than the number of Chinese in China and whilst Lu Sin's writings are prohibited in China, they are frequently published in Japanese magazines.

SHANGHAI MUNICIPAL POLICE.

File No. 6779

Subbling Well Station,

REPORT

Date Oct. 23rd., 1936.

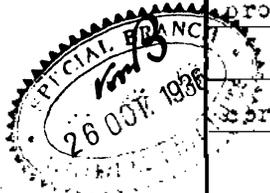
Subject Funeral of Tseu Zu-Zung.

Made by and Forwarded by Inspector Clissold.

D.L.
(Division)
Information
R. D. Lake,
D.O.
23/
10.

D.C. Sp. Br.
copy to
file
D.C.

File.



Sir,

Re attached, I beg to report that although a Permit for 300 persons was issued in respect to the funeral of the late Tseu Zu-zung approximately 1500-2000 persons attended.

In view of the information received from the Special Branch that there was a possibility of radical elements taking the opportunity of staging demonstrations, also that the procession was proceeding to the cemetery via Extra Settlement Roads, I did not consider it advisable to interfere with the formation of the procession which moved off at 2.45 p.m. instead of 2 p.m. as authorised.

Prior to moving off all participants were issued with a leaflet (attached) praising the life work of the deceased. This was chanted by members of the procession at various intervals during the course of the march.

I personally accompanied the procession from the Funeral Director, Kiachow Road, to the junction of Tifeng & Great Western Roads during which time there was no demonstrations of any kind. Police from this Station who accompanied the procession to the International Cemetery, Hungjao Road, also report that there was no demonstrations or shouting of slogans.

D.S. Pitts, Special Branch, reported that students forming the end of the procession, shouted epithets at Japanese students attached to the Tung Wen College who were watching the procession on Columbia Road. He states that he did not report this to Police from this Station as they were at the head of the procession.

F.S. 322 Wilson, directing traffic at Hungjao & Columbia Rds corner, reports having seen about seven Japanese students at this

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

Station,

Date.....19

Subject.....Continued.

Made by.....Forwarded by.....

corner, but states that no remarks were made towards them by members of the procession. Other members of the Police from this Station also deny having heard any remarks passed.

All members of the procession dispersed at the Cemetery at about 6.30 p.m. without incident.

D. O. "B".

I am, Sir,

Your obedient servant,

Bleissner Inspector.

Officer in charge.

2-2-16

Chant for Mourning over the Death of Mr. Loo Sun.

Mourning over the Death of Mr. Loo Sun,
He was the Soul of our Race,
He was the Trumpet of the Modern Time
Calling up the Public to struggle for their living!
He opposed the Imperialism;
He opposed the dark influence;
Through his whole life never yielded,
From the beginning to the end exerted for Revolution,
Mourning over the Death of Mr. Loo Sun,
Mourning over the Death of Mr. Loo Sun,
The leader of ours.

SHANGHAI MUNICIPAL POLICE.

File No. 6722

Special Branch - S.2. Station,

REPORT

Date October 23, 1936

Subject Funeral of Tseu Zu Zung on October 22, 1936.

Made by D.S. Pitts. Forwarded by J. R. [Signature]

At 2.30 p.m. October 22, 1936 the funeral cortege of the late Tseu Zu Zung (徐祖宗), left the premises of the International Funeral Directors of China, 207 Kiaochow Road en route for the International Cemetery, Hungjiao Road, where it arrived at 5 p.m.

Some 1800 persons, mainly composed of male and female students attended to pay their last respects, forming a mile long procession.

Whilst proceeding along Colombia Road, a group of some 100-150 male students at the rear of the procession, commenced to shout in unison:

- "Down with the Kuomintang," "Down with the traitors,"
- "Down with Imperialism," and
- "Down with the Japanese,"

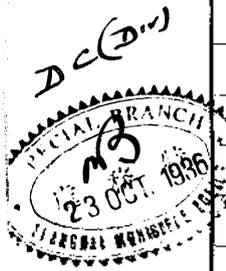
giving the clenched-fist communist salute after each slogan had been cried.

The shouting of these slogans was continued up till the junction of Columbia and Hungjiao Roads, where about 30-50 Japanese students from Tung Wen College were congregated.

Shortly after, however, a number of uniformed police officers from Bubbling Well Station and the Bureau of Public Safety ostentatiously arrived, coincident with which the shouting of slogans ceased, the procession then moving along in an orderly manner.

At the ceremony in the cemetery, patriotic songs were sung and tribute paid to the memory of the deceased, short speeches eulogising his deeds being given by;

Dr. Tsai Yuen-pei (蔡元培), President of the Academia Sinica,



SHANGHAI MUNICIPAL POLICE.

File No.

REPORT
2

Station,
Date 19

Subject

Made by Forwarded by

Sung Chung-dz (沈竹德), a lawyer, and one of the leaders of the local National Salvation Association Movement, Madame Sun Yat-sen, Tsang Nai-chi (桑乃慈), an economist and one of the leaders of the local National Salvation Association Movement, Tseu Tao-feng (徐韜), editor of the Livelihood Weekly.

In addition to the above, other prominent mourners included:

Li Kung-poh (李公朴), principal of the Liang Zai Primary School, and a leader of the local National Salvation Association Movement,

Dr. I. Suto, former vice-chairman of the Japanese Residents' Corporation and doctor of the deceased, and Max Granich, editor of the "Voice of China."

The body of the deceased was buried at 6.15 p.m. after which the crowd dispersed in small groups in an orderly manner.

Attached herewith are copies of pamphlets, praising the deceased's works, which were distributed among the persons who attended.

Da Pitts.

D. S.

Deputy Commissioner (Special Branch).

WEEKLY RETURN FROM AUGUST 16 TO 22 INCLUSIVE

COMPLAINTS IN THE PRESS V THE SHANGHAI MUNICIPAL POLICE

Compiled by Special Branch in accordance with Headquarter's Circular No.167

<u>Date</u>	<u>Subject</u>	<u>Sent To</u>	<u>Newspapers</u>	<u>No. of Letters or Articles</u>	<u>Remarks by D. O. Etc.</u>
16/8/41	About Barricades	D.C.(T)	Shanghai Times.	One letter signed "Within Reason."	


A. C. (Special Branch).

Copies to:-

Acting Commissioner of Police.
D.O. (Divisions). ✓
D.C. (Traffic).

WEEKLY RETURN FROM AUGUST 16 TO 22 INCLUSIVE

COMPLAINTS IN THE PRESS V THE SHANGHAI MUNICIPAL POLICE

Compiled by Special Branch in accordance with Headquarter's Circular No.167

No.
Date

6008
25

<u>Date</u>	<u>Subject</u>	<u>Sent To</u>	<u>Newspapers</u>	<u>No. of Letters or Articles</u>	<u>Remarks by D. C. Etc.</u>
16/8/41	About Barricades	D.C.(T)	Shanghai Times.	One letter signed "Within Reason."	

A. C. Duncan

A. C. (Special Branch).

Copies to:-

- Acting Commissioner of Police.
- D.C. (Divisions).
- D.C. (Traffic).

[Handwritten signature]

25 8 41

F.M. 2
G. 45M-1-36

File No.

SHANGHAI MUNICIPAL POLICE.

S.1, Special Branch *11/11*

REPORT

Date... October 21, 1936.

Subject... Funeral of Tseu Zu-zung (周樹人) on October 22, 1936.

Made by... D.I. Sih Tse-liang

Forwarded by...

Chiang Kai-shek

Tseu Zu-zung, better known as Loo Sing (魯迅)

who was a noted novelist and writer on proletarian subjects,

died on October 19, 1936, in Shanghai, and a funeral

procession has been arranged for 2 p.m. October 22, 1936,

from the international Funeral Directors of China, 207

Kiaochow Road, to the international Cemetery, Mungjao Road.

One of his most famous books is entitled "Biography

of Ah Q," a story of a country boy, which severely

criticizes feudalism in China and owing to its great popularity,

it has been translated into English, French, Japanese,

Russian and other languages.

Tseu had a host of friends among Chinese of pro-

leftist tendencies and foreigners, especially Russians and

Japanese. Among the persons who have paid their last

respects to his remains at the international Funeral Directors

of China, are Mr. D.V. Bogomoloff, U.S.S.R. Ambassador to

China, Madam Sun Yat-sen, and Sung Chun-dz (沈钧儒), leader

of the local National Salvation Movement. Paper scrolls

lamenting his death have been presented by local public

bodies including the Shanghai Various Circles National

Salvation Federation.

The funeral procession will start at 2 p.m.

October 22 from the international Funeral Directors of

China and traverse Kiaochow, Avenue, Jessfield, Tifeng,

Great Western, Columbia and Mungjao Roads. It is estimated

that the number of participants will be not less than 500,

including representatives of local public bodies, such as the

Shanghai Various Circles National Salvation Federation, and

there is every possibility that radical elements may take

O.Y.C.B.W. As discussed. Please report on procession. Re: H.K. D.O. 24/10

D.C. (Din)



9.52 am

D.I. & have we cannot have any doubt - distribution of hand bills



SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date..... 19

Subject.....

Made by..... Forwarded by.....

- 2 -

advantage of the opportunity to conduct national salvation
propaganda in the form of distributing handbills or shouting
slogans.

Sih Tse Liang

D. I.

D.C. (Special branch)

D.O. B. - Officer 's B well phoned 9:30 am, 9/5
copies of attached summary sent. J.M. 11/1

Special Branch,

October 22, 1936.

Funeral of the late Tseu Zu-zung (周樹人).

The funeral of the late Tseu Zu-zung (周樹人) better known as Loo Sing (魯迅), a Leftist writer who died on October 19, will take place at 2 p.m. today, October 22. The procession will start from the International Funeral Directors of China, 207 Kiaochow Road and will traverse Kiaochow, Avenue, Jessfield, Tifeng, Great Western, Columbia and Hungjao Roads to the International Cemetery, Hungjao Road. It is expected that about 500 persons will participate in the procession and radical elements including members of the Shanghai Various Circles National Salvation Federation will take advantage of the occasion to conduct national salvation propaganda by distributing handbills or shouting slogans.

D. O. "B"

Distribution :

D.O. "B"

Officer i/c Bubbling Well

DBK

17/21

Friends Mourn Lu Hsun Death

Maxim Gorky Of China Won High Place For Self In Letters

Lu Hsun, the Maxim Gorky of China, is dead. Long a sufferer of tuberculosis, Lu Hsun died yesterday in his sleep, at his home in Shanghai.

Lu Hsun, whose family name was Chow Chu-jen, was born in Shachang, Chekiang, of a poor family 56 years ago. His early efforts for an education was a continuous uphill struggle against poverty but he eventually succeeded in entering the Miming School at Nanking from which he later transferred to Japan to study medicine.

Taught At Peita

Before the 1911 revolution, Lu Hsun was a member of the Kwang Fu Society, which was Dr. Sun Yat-sen's revolutionary organization. Upon his return from his studies in Japan, Lu Hsun taught at Feita University in Peiping and participated actively in the May 4th movement. It was during this period that Lu Hsun in his writings laid the groundwork for his future greatness as one of China's outstanding writers.

His first work, "A Crazy Man's Diary", for which he assumed the pseudonym of Lu Hsun, was published by the New Youth magazine, the literary magazine of the May 4th movement. This article had wide repercussions throughout the literary world and it established Lu Hsun as the pioneer of realism in Chinese literature. Ever since Lu Hsun has been thought of as the Father of Modern Chinese literature.

Buy Translator

Besides his own works, Lu Hsun consistently had every writer of prominence translated into Chinese. He was a voluminous writer who continuously wrote for all of the left magazines, writing bitter, satirical articles against the age-long darkness of China's feudalism. His "Ah Q" has been translated in every language. Others of his books are Shout!, Hesitation, Old Stories Rewritten, Wild Grass, Morning Flowers, A Gentle Wind, Taat's All, Three Rooms, The Tomb, Correspondence from Two Places, and many others. He personally had translated from the Japanese: A Young Man's Dream, by S. Kushakji; A Symbol of Melancholy, by S. Kuriyagawa; Out of the Ivory Tower, by the same author; an historical review of Modern Artistic Thought by Itagaki. From the Russian he edited the translations of "Dead Souls" by Gogol; "The Watch" by Pantealev; "Theory of Art" by Plekhanov; "Theory of Art"; "Literature and Criticism" by Lunacharsky; "The Literary Policy of the Soviet Union"; "Russian Fairy Tales" by Gorky; "Destruction" by Fadayev; from the German: "Little John" by Von Eden. In addition Lu Hsun took special pains to introduce foreign graphic artists to the artists of China. He collected the works of Kaethe Kollwitz and published them; likewise two collections of Soviet Graphic Arts, and another volume of illustrations of Gogol's "Dead Souls", and many others.

Throughout his entire life, Lu Hsun was the stormy petrel of the literary world in China. Struggling militantly for all progressive and modern influences, he was consistently slandered and the object of the most oppressive Asiatic persecution. Despite all this he continued and today is respected by all advanced Chinese writers. In 1930, Lu Hsun was instrumental in organizing the Chinese League of Left Writers. He became its leader and continued to direct its activities up to the time of his death. All of his activities in this Society helped formulate the intense struggle today for national liberation; his influence extended into the far corners of the land, where Lu Hsun was the symbol of the suffering and desires of the Chinese people for liberation. Internationally, Lu Hsun also represented the fierce struggle of the Chinese people for freedom. He was the only spokesman of this cause in literature who reached beyond the borders of his own country. In recent years Lu Hsun concentrated all of his activities on the great cause of national liberation.

Funeral Service For Mr. Lu Shun Starts Tomorrow At 10 a.m.

Impressive funeral ceremonies for the late Mr. Lu Hsun, the "Gorky of China," and one of the greatest contemporary writers, will be held at 10 a.m. tomorrow at the International Cemetery, Hungjao Road.

Thousands of his admirers, mostly students and workers, went to pay their last respects to the noted writer yesterday and today at the International Funeral Parlors, Kiaochow Road, where his body lies. Among the notables were Madame Sun Yat-sen and Mr. Tsai Yuen-pai, a noted scholar.

Telegrams poured in yesterday from all over the country and Japan, where he has a large following among the left-wing writers. The committee in charge of the funeral services had a busy day today as wreaths, telegrams and scrolls continued to pour in from all quarters. Money will not be accepted by the committee as the late writer once remarked that "it is foolish to make others contribute money for funerals."

October 20, 1936.

Morning Translation.

She was sent to the Woosung Health Office.

Later, two constables from the Japanese Consulate arrived and took the girl to the Consulate. She refused to state why she wished to end her life.

Min Pao and other local newspapers :-

DEATH OF WELL KNOWN LEFTIST WRITER.

Chow Tze Jen (周樹人), better known as Lu Sin (魯迅), a Leftist leading writer, died at 5.25 a.m. yesterday at his residence, No. 9 Dah Loh Sin Tsung (大陸新報), Scott Road. His remains have been removed to the International Funeral Directors and will be formally encoffined to-morrow afternoon.

It is learned that Dr. Tsai Yuan Pei, Soong Ching Ling (Madame Sun Yat Sen) and many others have formed a committee to make arrangement for his funeral.

Sin Jen Pao (Nanking telegram):

MOVEMENTS OF GENERAL CHIANG KAI SHEK

General Chiang Kai Shek, Chairman of the Military Affairs Commission, left Hangchow in his private aeroplane at noon October 19 and arrived at Nanking at 1.15 p.m. At 3 p.m. General Chiang Kai Shek proceeded to Tongshan for a little rest.

A Short Stop at Hungjao Aerodrome

On their way back to Nanking, General and Madame Chiang Kai Shek and their suite passed through Shanghai in a private aeroplane which landed at the Hungjao Aerodrome and remained there for some 10 minutes. Mayor Wu Te Chen, General Yang Fu, Woosung-Shanghai Garrison Commissioner, General Tsai Chin Chun, Chief of the Public Safety Bureau and others immediately proceeded to Hungjao where strict precautionary measures were adopted.

Upon alighting, General Chiang Kai Shek was welcomed by Mayor Wu Te Chen. General Chiang Kai Shek enquired of the Mayor about the present situation in Shanghai. Later General Chiang Kai Shek left for Nanking in the same aeroplane.

Accompanied by the daughter of Dr. H.H. Kung, Madame Chiang proceeded by car to the residence of Dr.H.H. Kung on Route des Sienes, French Concession, to enquire after the health of the Finance Minister.

Movements of Other High Officials

General Han Fu Chu, Chairman of the Shantung Provincial Government, left Hangchow for Nanking yesterday morning by motor car and arrived at Nanking at 5 p.m.

General Yang Fu Cheng, Pacification Commissioner for Shensi, left Hangchow for Shanghai yesterday by the 1.35 p.m. train and arrived here at 6.30 p.m.

2.

October 20, 1936.

Morning Translation.

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General Yang Fu Cheng, Pacification Commissioner for Shensi, left Hangchow for Shanghai yesterday by the 1.55 p.m. train and arrived here at 6.30 p.m.

6779
22 10 36

October 22, 1936.

3.

Morning Translation.

transportation trucks were busy between Hwa Yuen Ka and the Japanese Landing Party Headquarters on Kiangwan Road.

At 9.45 a.m. to-day (October 21), a Japanese military truck with 13 marines left the Japanese Landing Party Headquarters. It proceeded along North Szechuen Road to Nanking Road then turned west.

A group of about more than 100 Japanese marines held drills in Hongkew Park at 3 p.m. October 21.

Shun Pao and other local newspapers:

FUNERAL OF A LEFTIST WRITER

The ceremony of encoffining the remains of Chow Tze Jen (周树人), better known as Lu Sin (鲁迅), a leading Leftist writer, took place yesterday afternoon at the International Funeral Directors.

Amongst the persons present to pay their respects yesterday morning were representatives of some 80 schools and public bodies.

Amongst the persons present at the encoffining ceremony were members of the deceased family, Madame Sun Yat Sen nee Soong Ching Ling, Hu Yui Ts (胡愈之), Uchiyama (members of the Funeral Affairs Committee) and Zung Tsong Tao (宗泽涛) and Ikada (friends of the deceased) and some thirty others.

The Funeral Affairs Committee has decided to hold the funeral at 2 p.m. October 22. The procession will start at 2 p.m. from the International Funeral Directors on Kiaochow Road via Bubbling Well Road and Great Western Road, arriving at the International Cemetery on Hungjao Road at about 3.30 p.m. The burial service will be read at 4 p.m.

Songs of condolence will be sung during the funeral procession.

At the suggestion of various parties, the route of the funeral procession will be extended to include Avenue Road in easterly direction to Avenue Foch via Carter Road.

The procession will continue in a westerly direction on Great Western Road to Hungjao Road. Arrangements regarding this route will have to be made with the authorities of the Foreign Settlements this morning.

China Times and other local newspapers :-

BURNING OF NARCOTICS

Local Party and political organs have been requested by the Woesung-Shanghai Garrison Headquarters to send representatives to witness the burning of narcotics, reactionary books and periodicals, counterfeit notes etc. seized during the period from March to September this year. The burning will take place at 2 p.m. October 23 at the Garrison Headquarters.

SHANGHAI MUNICIPAL POLICE.

File No. 6779

S.1, Special Branch ~~SECRET~~

REPORT

Date June 19, 1935

Subject: Article in the "Cultural News" alleging the sale
of communist propaganda at the Uchiyama Bookstore.

Made by D.P.S. Lockwood Forwarded by J. Gault, C.I.

* Kept in
Confidential
Shanghai

With reference to an article which appeared in
the "Cultural News" dated June 2, 1935, entitled "Communist
Running Dogs and Imperialism", alleging that communistic
books written by "Running Dogs" were on sale at the Uchiyama
Bookstore, 11 Scott Road (a Japanese concern), two copies
of the books referred to in the article were purchased by
D.S. Umemoto from the Uchiyama Bookstore.

These books entitled "South and North Miscellany"
南 腔 北 調
淮 風 月 談
"Talk on Wind and Moon" were scrutinized by D.I. Sih Tee-
liang, who is of the opinion that the editor had published
in book form a series of articles commenting on the events
in China which were published in the Chinese press and in
Magazines during 1932 and 1933.

These articles are written in a sarcastic vein
and though not entirely free from radical propaganda, there
is nothing to prove that they are publications of the
communist party.

The editor of these booklets is one, Loo Sing
(魯迅) alias Cheu Su-jen (周樹人), a well known leftist
writer.

D. P. S. Lockwood

D. P. S.

D. C. (Special Branch)

File
JPL

C.K.Y.

SHANGHAI MUNICIPAL POLICE
File No. S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE

S. 2, Special Branch

REPORT

Date June 13, 1935

Subject Arrival of J.V. Gaidul, Soviet Citizen.

Made by D.S.I. Prokofiev.

Forwarded by

B.B. Stewart 29

Joseph V. GAIDUL, Soviet citizen, arrived in Shanghai from Moscow via Vladivostock on June 12, 1935, in the s.s. "SEVER". He holds Soviet passport No. 189710 issued on February 2, 1935, at Moscow. According to him he will be attached to the local branch of the Moscow Narodny Bank.

Gaidul is accompanied by his wife, Mrs. Irene V. Gaidul, 35, and their daughter, 6 years of age.

Their address in Shanghai has not yet been located.

A. Prokofiev

D. S. I.

D. C. (Special Branch).

File
MR

SHANGHAI MUNICIPAL POLICE.

File No. SHANGHAI POLICE S. B. REGISTRY.

6782

S. 2, Special Branch, ~~Station~~

REPORT

Date June 13¹³ 1935. 6 135

Subject

Arrival of M.F. Jukoff, Soviet Citizen.

Made by

D.S.I. Prokofiev.

Forwarded by

R. D. G. ...

Mikhail P. JUKOFF, 27, Soviet citizen, reported to be an employee of the Moscow Narodny Bank, arrived in Shanghai from Moscow via Vladivostock on June 12, 1935, in the s.s. "SEVEN". He holds passport No. 197752-1218 issued on May 8, 1935, at Moscow.

According to his own statement he will be attached to the local branch of the Moscow Narodny Bank and intends to remain in this city for about two years.

Jukoff is accompanied by his wife, Mrs. Vera S. Jukoff, 27 years of age.

Their address in Shanghai has not yet been located.

A. Prokofiev

D. S. I.

D. C. (Special Branch).

*File
GMS*

D - 6792

D - 6795

FM
D 40.00 35

SHANGHAI MUNICIPAL POLICE.

S. 1, Special Branch

REPORT

Date June 20, 1935.

SHANGHAI MUNICIPAL POLICE
S. B. REG. NO.
File No. D 6792
Date June 20, 1935

Subject The National Economic Council of the National Government

Made by D.P.S. Lockwood

Forwarded by

H. Gault cat

In 1933 the National Government formed the National Economic Council. This Council is directly responsible to the Government for the investigation of any new projects of a constructional nature, which ^{are} to be financed by the Government. All projected schemes have to be inquired into from the economical as well as the practicable point of view, and all recommendations are submitted to the Government for a final decision.

The National Economic Council is controlled by a standing committee composed of the following members :-

Chairman : Mr. T.V. Soong, Ex-Minister of Finance.

Gen. Chiang Kai-shek, President of the Military Committee.

Wang Ching-wei, President of the Administrative Yuan.

Dr. H.H. Kung, Vice President of the Administrative Yuan and Minister of Finance.

Dr. Sun Fo, President of the Legislative Yuan.

Secretary General Zing Feng.

The following also serve as members of the ordinary committee :-

Minister of Interior.

Minister of Finance.

Minister of Railways.

Minister of Communications.

Minister of Industry.

Minister of Education.

Chief of the Health Department.

FM 2
G 40 1-35

File No.

SHANGHAI MUNICIPAL POLICE.

Station,

REPORT

Date.....19

-2-

Subject.....

Made by..... Forwarded by.....

The committee of the National Economic Council categorised the schemes it would be called upon to investigate and report, and formed the following sub-organs :-

- Industry Research and Investigation Bureau.
- Cotton Industry Commission.
- Silk Industry Control Committee.
- National Provision Control Committee.
- Silk Improvement Committee.
- Highway Office.
- Hygiene Office.

The National Economic Council's committee have established the offices of two sub-organs, in Shanghai, namely, the Industry Research and Investigation Bureau, with offices at Room 361, Hamilton House, Kiangse Road, and the Cotton Industry Commission situated at No.113 Kiukiang Road.

The Industry Research and Investigation Bureau is in charge of one named Chang Foh Yung (張福運) and is responsible for the investigation and study of industry throughout China.

The Cotton Industry Commission is controlled by an executive committee, under the chairmanship of Chen Kwang Fu, General Manager of the Shanghai Commercial and Savings Bank, and is responsible for the study of all problems relating to the cotton industry.

The National Economic Council since its inception has spent 32 million dollars.

F. D. Rockwood.

D. P. S.

J. D. G. (Special Branch).

J. D. G.
 JUN 1935

Copies sent to A, D, F & H.
Z. Jao

SHANGHAI MUNICIPAL POLICE.

File No.

S.1, Special Branch ~~XXXX~~

REPORT

Date June 15, 1935.

Subject Information requested by Miss Hinder for the information of the National Economic Mission Council of the National Government.

Made by D.P.S. Lockwood Forwarded by H. Grubb C.S.

herewith statistics of factories and business houses, with the number of unemployed workers in the Settlement, which have closed and/or reopened since January 1, 1934, as requested by Miss Hinder for the information of the Chinese Government's National Economic Council.

An accurate list of new factories recently opened in the Settlement cannot be given as statistics have not yet been fully completed. No record is kept of the opening or closing of business houses, except those independently supported by their own plants.

J. L. Lockwood.

D. P. S.

D. C. (Special Branch)

SI Please supply statistics to Miss Hinder and endeavor to obtain some literature about the National Economic Mission.

H. G.

15 JUNE 1935

2

S.1.

Statistics were given to Miss Hinder on 15/6/1935

H. O. S.

J. L. Lockwood.

"A 9 C"

National Economic Council
Special Branch

1. Number of factories closed down during each month beginning from January, 1934, to date.
2. Number of business firms closed down during each month beginning from January, 1934, to date.
3. Number of workers unemployed during each month beginning from January, 1934, to date.
4. Number of new factories and business firms opened for business and number of closed-down factories and business firms reopened for business during each month beginning from January, 1934, to date.

4 DC (Sp. Br.)

Miss Hinder has asked if the information can be furnished by the Special Branch. It is required by the National Economic Council of the Chinese Government, which applied to the Council for the statistics

M.G. $\frac{14}{6}$
35

\$I, Please do everything possible to assist. J.H.

1. Number of factories closed down during each month beginning from January, 1934, to date.

ANSWER: See attached statistics. (Appendix I)

2. Number of business firms closed down during each month beginning from January, 1934, to date.

ANSWER: See Appendix(II).

3. Number of workers unemployed during each month beginning from January, 1934, to date.

ANSWER: See attached statistics (Appendix I).

4. (A) Number of new factories and business firms opened for business.

ANSWER: No record.

- (B) Number of closed-down factories reopened for business during each month beginning from January, 1934 to date.

ANSWER: See attached statistics (Appendix I).

- (C) Number of business firms reopened for business during each month beginning from January, 1934, to date.

ANSWER: One. (J.D.Chang Dispensary, 166 Hanking Road, reopened in January, 1935).

June 14, 1935.

(Appendix I)

Settlement Industrial Concerns
closed in 1934

	<u>no. of concerns closed</u>	<u>no. of hands affected</u>	<u>no. of workers dismissed</u>	<u>no. of concerns reopened</u>	<u>no. of workers employed</u>
January	4	120	68	-	-
February	13	7,220	-	-	-
March	6	2,085	40	2	130 ^v
April	1	1,100	180	-	-
May	2	245	46	5	1,105
June	6	968	-	1	100 ^v
July	2	1,150	-	-	-
August	1	50	-	1	40 ^v
September	2	1,061	98	2	655
October	1	75	-	-	-
November	6	518	-	3	60
December	8	1,550	-	2	862
Total :	<u>52</u> ==	<u>15,142</u> =====	<u>432</u> ===	<u>16</u> ==	<u>2,952</u> =====

Total number of unemployed workers 13,622
=====

Industrial concerns closed from
January to May, 1935

January	8	3,829	141	-	-
February	16	7,128	328	2	2,056
March	7	419	418	-	-
April	4	981	1,173	4	606
May	8	1,333	63	2	580
Total:	<u>43</u> ==	<u>13,690</u> =====	<u>2,123</u> =====	<u>8</u> =	<u>3,242</u> =====

Total number of unemployed workers 12,571
=====

(Appendix II)

Number of business firms closed down during each month beginning from January, 1934, to date.

October, 1934

Industrial Bank of China, 172 Nanking Road, and its six branches, as well as the Chun Yih Banking Corporation which was affiliated with the Bank.

December, 1934

Thrift & Savings Bank, 16 North Honan Road.
Peter's Necktie Company, Lane 676, G.7 Tiendong Road.
Tai Foong Canned Goods Company, Nanking Road.
J.D. Chang Dispensary, 166 Nanking Road.
China Wing On Finance Comp., 437 N/Szechuen Road.

January, 1935

China Wing On Finance Corporation (resumed on January 21, and again suspended on January 23).
Ka Hwa Savings Bank, 300 Peking Road.
Shanghai Tientsin Bank, 142 Avenue Edward VII.
Amoy Commercial Bank, Shanghai Branch, 666 Szechuen Road.
Yoong Kong Native Bank, Lane 31, No. 6 Tientsin Road.

February, 1935

Yih Kong Native Bank, Lane 120, No. 25 Ningpo Road.
Teh Chong Zung Native Bank, Lane 145, No. 13 Ningpo Road.
Pao Tah Yue Native Bank, 37 Jen Mei Li, Ningpo Road.
Sing Kong Native Bank, Lane 575, No. 7 Honan Road.
Ying Tai Native Bank, 136 Ningpo Road.
Yih Chong Native Bank, Lane 44, No. 3 Tientsin Road.
Hung Li Shing Kee Native Bank, 510 Peking Road.

April, 1935

Yung Shing Native Bank, Lane 120, No. 11 Ningpo Road.

Dong Tai Native Bank, 240 Ningpo Road.

Hwa Ming Native Bank, 220 Kiukiang Road.

May, 1935

Ming Hwa Commercial and Savings Bank, 330 Peking Road.

American Oriental Banking Corp., 29 Nanking Road.

June 1 to 14, 1935

Ningpo Industrial Bank, 261 Nanking Road.

Kiangnan Bank, 521 Honan Road.

Shanghai National Goods Company, 396 Nanking Road.

Foh Tai Native Bank, 501 Szechuen Road.

Number of business firms reopened for business during
each month beginning from January, 1934, to date

January, 1935

J.D. Cheng Dispensary, 166 Nanking Road.

CONFIDENTIAL
DRAWER

SHANGHAI MUNICIPAL POLICE

CROSS-REFERENCE SLIP

Special Branch Reg. OFFICE

FILE NO *D. 6795.*

SUBJECT:

D. F. Carmou or Carmou.

PARTICULARS	OFFICE	FILE NO.
<p data-bbox="507 1095 833 1232">CONFIDENTIAL DRAWER</p>		

1935

INSTRUCTIONS SEE OVER

CONFIDENTIAL
DRAWER

6795
16-8-35

H.B.K. Consulate General,
Shanghai.

16th August, 1935.

My dear Givens,

With reference to our conversation on the subject of W. F. CARMAN (the American who was in communication with MINSTER), I send you herewith a note on this man's activities in Hongkong. Please regard this as most confidential and for your own information only. He has been definitely identified as having been in 1931 a representative of the Phelps Dodge Corporation, an American copper producing company. He was in China in 1929.

Yours sincerely,

K. M. Givens

T. P. Givens, Esquire,

SHANGHAI.

FM 1.35
6. 20.00

ZOZ (3)
SHANGHAI MUNICIPAL POLICE.

File No. 747

CONFIDENTIAL

Section 2, Special Branch

REPORT

Date June 25, 1935

Subject Re. William F. Carman.

Made by D.S.I. Coyne

Forwarded by *B. B. Severest*

See file 6/17/35

Further to my report dated June 19, 1935, concerning the arrival in Shanghai of William F. Carman, from information since obtained, it does not appear probable that he is the person referred to as "Walt Carmon" in the Special Branch report on the activities of Miss Irene Weitemeyer.

It has been learned that when Carman made enquiries regarding ships leaving for Hongkong, he asked whether any would call at Formosa, as he had been seventeen years in China and had not yet visited that island. No ship following that route being due to leave, Carman departed on the s.s. "President Pierce" on June 22, 1935.

The fact that he compiled a detailed report on the survey of the mineral resources of China, would indicate that he has been in the country for some time, probably, as stated by him, in the capacity of a mining engineer. That this report was forwarded to the Chairman of the American Economic Mission tends to support his statement that he was working on behalf of that body.

Concerning K. C. Wong, with whom Carman frequently communicated, it has been ascertained that this person came to Shanghai about two years ago and has since been engaged in the export of porcelain ware. He resides with his wife and child at 4 Yu Ching Lee, Thorne Road, and has business premises at 792, North Szechuen Road.

Pending the receipt of further information regarding Carman, enquiries with reference to Wong will be discontinued.

*\$2
Copy to
'A' and pass
Shang. Ofc.
D.S.I.*

*Copy to A as instructed
J.B. 2/16
D. S. I.*

26 JUNE 1935

Deputy Commissioner (Special Branch).

SECRET - CONFIDENTIAL

W. P. CARMAN

William P. Carman arrived in Hong Kong from Shanghai in the SS President Pierce on He is an American citizen bearing passport issued at Washington in September, 1934, bearing a transit visa for travel to Canton given at . . . Consulate-General, Shanghai.

He remained in Hong Kong two days and one night, and stayed at the Mouloon Hotel. He collected several letters from the American Express Co., immediately on his arrival and later was seen to post one himself. He left for Canton by the night boat on

While in Canton, he was kept under observation by detectives from the Public Safety Bureau. He stayed several days at the New Asia Hotel and then removed to No. 4, Lui Fa Village, the residence of an American named G. Edward Lyon. He also visited an unidentified member of the American Foundation Fees Committee of the Ling Nam University.

At present there is not much information available concerning the man Lyon, except that last year he was practicing in Canton as an Attorney-at-Law, but has since given that up and has been trying to run a dance hall. He is not considered a desirable character by the Canton Police.

On 19.6.35, Carman flew to Nanning where he has been ever since. It is reported that he is acting as some sort of financial advisor to the Kwongsi Government, and that he is working in the Economic Commission of that Province, but he has not been kept under observation up there, and it is not known exactly what he is doing at

present. He is reported to have been recommended to the post
by the American in the Ling Nam University referred to above.

CONFIDENTIAL
DRAWER

RECEIVED
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1-6-35

H.B.M. Consulate General,
Shanghai.

20th June 1935.

My dear Givens,

With reference to your report on W.F. CARMON, handed to me by D.S. Coyne dated 19.6.35., I would draw your attention to the S.B. report of November 14th 1934., on the activities of MISS IRENE WHITEMEYER, in which the name "WALT CARMON" occurs as the Assistant Editor of the "International Literature".

Although admittedly the possibilities appear remote, I suppose that there is no chance that these two men are in anyway related to or connected with one another.

Yours Sincerely,

James Farber

T.P. Givens Esq.,
Special Branch,

S.M.P.

S2, could further inquiries be also made about the notes of Bruno Schwartz's visit here? Schwartz is an able newspaperman. Would he have come here as some commission for the Reds?
Jdg 20 JUNE 1935

202 (5)
SHANGHAI MUNICIPAL POLICE.

File No.

Section 2, Special Branch
REPORT

Date June 19, 1935.

Subject Re. William F. Carman.

Made by D.S.I. Coyne

Forwarded by

R. A. Lambert, D.I.

I have to report that enquiries have been made concerning William F. Carman, who endeavoured to get into communication with Leon Minster.

Carman arrived in Shanghai on June 2, 1935, from Canton, having travelled from Hongkong aboard the s.s. "Empress of Asia." His passport, No. 2607 issued at Washington on September 18, 1934, describes Carman as being an engineer, age 42, a resident of New York. On his Passport Office Declaration Form he named as reference Dr. James Henry, Lingnan University, Canton, with whom he is believed to have stayed whilst in Canton. He declared that his reason for visiting China was to attend the conference of the American Economic Mission, and that he would remain in Shanghai for two or three days.

Since his arrival he has stayed at the Palace Hotel, occupying room 411, in which he had all meals consumed on the premises.

Since his arrival he has almost daily had a stenographer typing in his room during the morning, and he frequently visited the Park Hotel, Bubbling Well Road, and the Royal Hotel, Range Road. His evenings are spent in bars on North Szechuen Road frequented by American sailors, and in addition he spends much time at the San To Massage and Turkish Bath House, off North Szechuen Road, near Boone Road.

Nothing to indicate that Carman was officially connected with the American Economic Mission can be found. The members of the Mission stayed at the Park Hotel, and the daily visits of Carman would suggest that he went there to see some member of the Mission. On June 17, he sent two

*See file
9 667*

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SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date, 19

Subject

Made by Forwaded by.....

parcels of books to the hotel addressed to Mr. W. Cameron Forbes, and Mr. Charles J. Garrol, the Chairman and Vice Chairman respectively of the Commission.

He frequently received telephone message from the Royal Hotel and one named Wong, who left his telephone number, 40324. This was found to be installed at 685 North Szechuen Road in the name of K. C. Wong.

Enquiries are being continued concerning Garman and K. C. Wong.

Garman appears to be about 45 years of age, height 5' 7", heavy body, thin legs, grey hairs cut very short, large sallow face, double chin, pale blue eyes, long upper lip, weak receding chin. Wears rimless glasses with gold shafts. Arms appear to be rather long, hands fleshy, white, and well kept. Generally wears cream palm beach suit, boater hat, black shoes. He has the general appearance of a German, and his manner would indicate that he is used to frequenting bars. He does not appear to be the kind of person an organization would sent to China either as a member of the Mission or an observer.

J. Boyce
D. S. I.

Deputy Commissioner (Special Branch).

*\$2,
copy to "A" and continue inquiries
in a discreet way.
copy to A. on 14-6-35. J.L.*

J.A.G.
20 JUNE 1935

Section 2, Special Branch XXXXX

June 19, 36.

Re. William F. Corman.

D.S.I. Coyne

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Nothing to indicate that Corman was officially connected with the American Economic Mission can be found. The members of the Mission stayed at the Park Hotel, and the daily visits of Corman would suggest that he went there to see some member of the Mission. On June 17, he sent two

parcel of mail to the hotel addressed to Mr. W. Cameron Forbes, and Mr. Charles J. Carroll, the Chairman and Vice Chairman respectively of the Commission.

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D. S. L.

Deputy Commissioner (Special Branch).

D-6794

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L.A.

CONFIDENTIAL

SHANGHAI MUNICIPAL POLICE.

File No. 400
D. 1124

S. 1, Special Branch, Station

REPORT

Date November 28, 1939.

Subject: Reported attempt to establish branch of Propaganda Bureau in Shanghai

Made by: D. S. McKeown Forwarded by: C. Campbell

Regarding the contents of the attached cutting to the effect that an attempt is now being made by the Chungking Government to establish a branch of the International Propaganda Bureau in Shanghai, there is no information to support this contention.

Mollington K. TONG, the present head of the Central Publicity Department, before the hostilities was a member of the National War Committee and had an office known as the China Publishing Company situated in the Times building, 160 Avenue Edward VII. This office is still being conducted and is managed by Mr. PRATT, an Englishman an advisor to Mollington K. TONG, but since the commencement of hostilities there has been no indication that the office is connected with the propaganda schemes of the Chungking Government.

M. McKeown
D. S.

D. C. (Special Branch).

FILE

Sin Shun Pao (Japanese-owned Chinese language newspaper) :-

17-11-34 (2nd)

NEW PROPAGANDA ORGAN FORMED IN CHUNGKING

According to reliable information secured by the United Press of China, the Chungking Government, with a view to intensifying its propaganda, has decided to amalgamate the International Propaganda Bureau under the control of Hollington Tong of the Central Publicity Department with the International Propaganda Bureau of the General Headquarters. It has established a new publicity organ known as the China International Publicity Bureau which was formally inaugurated in Chungking on November 10, with Siao Tung-tse (蕭全福), committee member of the Central Publicity Department and President of the Central News Agency, as the Director, with Kwok Mei-shih (郭沫若), Chief of the Third Division of the Political Department of the Military Affairs Commission, Yin Tso-chong (葉楚傖), the former Director of the Central Publicity Department, and many other experts as his deputies. This new Bureau was established by the Chungking Government with the object of securing both material and moral assistance from the foreign Powers, especially the United States, by means of international propaganda. An attempt is now being made by the Chungking Government to establish a branch of this Bureau for secret activities in Shanghai.

CONFIDENTIAL
DRAWER

SHANGHAI MUNICIPAL POLICE.

File No. _____
SHANGHAI MUNICIPAL POLICE
REGISTRY

S.1, Special Branch. *Station*

REPORT

Date November 6, 1939

Subject (in full) Reported arrival of Hollington K. TONG

Made by D.S. McKeown Forwarded by *C. Crawford*

There is no truth in the report appearing in the Jairiku Shimpo that Hollington K. TONG, Vice Minister of Propaganda recently arrived in Shanghai. Hollington TONG came to Shanghai for the first time since November 1937 in March, 1939, and has not visited here since that occasion. He came under an assumed name on a small boat from Hongkong and stayed for only two days. The information that he had visited here was not divulged until some time later.

Comm. of Police
S.1
John Robertson
D.C. (Sp. Br.)

D.C. (Special Branch)

M. Brown
D. S.



FILE

HOLLINGTON TONG IN CHUNGKING STILL

Rumours Of Presence In Shanghai Are Repudiated

CHUNGKING, Nov. 2.—Contrary to recent rumours circulating in Shanghai to the effect that Dr. Hollington Tong, Vice-Minister of Publicity, recently visited that city, it is learnt from most reliable sources that Mr. Tong has been in Chungking for nearly a year.

During that period, he made a short, private trip to Hongkong a month ago. He also accompanied the party of foreign correspondents who recently visited the North Hunan front.

He has been in Chungking ever since.—Reuter.

November 1, 1939.

TAIRIKU SHIMPO

HOLLINGTON TONG WITH \$3,000,000 SMUGGLS HIMSELF INTO
SHANGHAI TO RECOVER LOST NEWS PAPERS

With the successful development of the operations carried out by Wang Ching-wei and his followers for forming a new regime, local intelligentsia and other Chinese of various classes have come to be converted towards the pro-Wang Ching-wei party; the Chungking Government, having attributed this state of affairs to the fact that the "Central China Daily News," other newspapers and magazines in the Settlement have come to give strong support to Wang Ching-wei and his party, despatched to Shanghai Hollington Tong, present Vice-Director of the Propaganda Bureau of the Chungking Government, in an attempt to recover the lost organs of speech in Shanghai.

Hollington Tong was formerly chief editor of the "China Press" and was interested in various other Chinese newspapers.

He was a leading journalist in Shanghai and widely known among foreigners. He also once taught Chiang Kai-shek.

According to reliable information, he smuggled himself into Shanghai via Hongkong about 10 days ago, carrying \$3,000,000 with him.

He is alleged to be earnestly trying to re-organize the anti-Japanese organs.

It will be interesting to see to what extent he will carry out his work in Shanghai, where the general situation has already become unfavourable to anti-Japanese movements.

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November 1, 1939.

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Ta Mei Pao, Sin Wan Pao, Chun Pao, Chinese-American Daily
News, Hwa Pao (Chungking telegram) :- 2.11.29 (P.M.)

HOLLINGTON TONG IN CHUNGKING

The report circulated by a Japanese news agency in Shanghai to the effect that Hollington Tong, Vice-Chairman of the Central Publicity Department in Chungking, has secretly arrived in Shanghai with a huge sum of money to get into touch with newspapermen in Shanghai is without foundation. On Monday last, Mr. Tong held a tea party at Chungking to receive Mr. Morris, Manager of the United Press News Agency in the Far East.

Mr. Morris left Chungking for Hongkong on November 1. ---- United Press.

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CONFIDENTIAL
DRAWER
SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
File No. **REGISTRY**

F. D. 621
S. 1, Special Branch *Subd.*
Date June 4, 1936

REPORT

Subject Political Situation.

Made by D. I. Sih Tse-liang Forwarded by *J. B. Ross*

It is reported that the National Government on June 1, 1936, received a telegram from the South-West Clique severely criticising the indifferent attitude adopted by the Government towards the Japanese aggression in the North and demanding that war be declared on Japan without further delay. There is no truth in the report that the South-West Clique and the Canton politicians have openly severed relations with the Nanking Government and started a drive on the territory now occupied by General Chiang's troops in Hunan and Kiangsi. The question of a sounder alliance between Nanking and the South-West, however, was not settled during the recent visit to the South of Mr. Sun Fo, President of the Legislative Yuan, and several other important officials of the National Government, who are due to arrive here on June 5 by the s.s. "President Taft".

The monthly subsidy granted by the National Government to the Canton and South-West politicians, amounts to \$600,000, and ^{THE} subsidy for the month of May was mailed as usual on or about May 20 through the Manufacturers' Bank of China, 86 Tientsin Road.

Sih Tse Liang
D. I.

Officer i/c Special Branch.

FILE
352

June 3, 1936.

Although no confirmation has yet been received by local Chinese military and civil officials in Yamen re the telegram despatched from Canton to Nanking urging immediate declaration of war against Japan, it is believed quite possible that such a telegram has been sent by the Southerners to Nanking as a check to military precautions recently adopted by Nanking in Hunan, Kiangsi and Southern Fokien. The recent flying trip by General Chiang Kai-shek is said to have something to do with the movements of troops in the South.

Prior to the death of Hu Han Min, delegates from Canton and Nanking exchanged visits and views as to the possibility of union of Kwangtung and Kwangsi with Nanking. The Southerners it is understood made certain demands including the appointment of Hu Han Min as Chief of the Executive Yuan, the appointment of Southern leaders to take charge of certain Ministries and to be Governors of Kiangsu and Chekiang while Nanking demanded the financial control of Kwangtung and Kwangsi. These negotiations went to deadlock over death of Hu Han Min.

Undoubtedly the Canton party is taking advantage of the present tense situation in the North to embarrass Nanking, at least with the object of checking the ambition of General Chiang Kai-shek to become President of China. Kwangsi leaders are more hostile towards Chiang than the Kwangtung leaders and are said to have military assistance from Japan. Their troops have marched northwards and hostilities may break out any moment without declaration of war. The situation appears to be more or less gloomy

owing to the departure of several veteran leaders of Canton including Chou Lu for Singapore and the rejection of Canton to Nanking's request to remove the remains of the late Hu Han Min for burial at Nanking.

Lin Sen, Chairman of the Nanking Government, is reported to be leaving soon for Kiukiang partly to avoid public criticism regarding the civil war and partly to elude responsibility in connection with the Japanese negotiations.

A close follower of Chiang Kai-shek expresses the opinion that before fighting Japan, General Chiang must take over Kwangtung and Kwangsi as the coasts along these provinces afford facilities in military transportation. It is yet too premature to assume that war has been declared as endeavours are being made by independent parties to effect a peaceful solution of the situation.

14788

Canton Moves Troops Northward Against Threat Of Fukien Revolt Or Extension Of Nanking Power

Autonomous Pro-Nippon Government Is Rumored In Fukien, Armies Mass

War Manifesto Seen As Clever Bid For People's
Support; Canton Money Markets In Panic;
Troops March Toward Kiangsi Border

Demand Made Nanking Fight Japanese

(Reuter's Agency)

HONGKONG, June 3.—An unconfirmed report that pro-Japanese elements have established an autonomous government at Pinwo, in Fukien, backed by some military forces, has added to the excitement caused by the Southwest's manifesto demanding war against Japan.

The report, however, is regarded here with the utmost reserve in view of the frequency of canards on the subject in the past few months.

REPERCUSSIONS DUE

Important repercussions on the relations between the Nanking and Canton Governments are likely to follow the manifesto, which is regarded as a virtual ultimatum to the Central authorities and a clever bid for popular support in the event of internal hostilities.

The report that Canton has actually proclaimed war against Nanking to forestall an attempt by the Central Government to assert its dominion over the Southwest is regarded as premature.

Military Preparations

Nevertheless, considerable military preparations are proceeding along the borders of Kwangtung and Kwangsi with Hunan and Kiangsi.

Authoritative quarters in Canton, interviewed by Reuter today, denied that the Southwest had any intention of opening an attack against the Central Government troops massed in South Hunan and south Kiangsi.

They made the significant admission, however, that the troops on the Kwangtung border were being held in readiness to defend the province if an attack from the north was made.

Pai Chung-hsi

An official spokesman said that the report that General Pai Chung-hsi, vice-commander-in-chief of the Kwangsi forces, had arrived in Canton on the night of June 1 to attend an emergency military conference was untrue.

General Pai, he declared, had been in Nanning, the capital of Kwangsi, since his departure from Canton a week ago.

The uncertainty of the situation has created panic in the Canton money market, and a further slump of notes has given the Hongkong dollar a record premium of Hk.\$735 for every thousand Cantonese dollars.

Grave Possibilities

The situation is undoubtedly fraught with grave possibilities because of the movements of troops in the direction of the Kwangtung-Kiangsi border, although these, it is explained in Canton, are only "precautionary measures."

A hopeful factor is that, if fighting were actually imminent, martial law would have been proclaimed in Canton, but the city is quiet at present.

The report that an autonomous government has been formed at Pingwo was issued by the Union News, a Chinese agency, says that "an independent army corps armed with Japanese rifles and other equipment has been established."

Alarm In Canton

This, the agency proceeds, has caused considerable alarm in Canton, and, as a result, troops are being rushed to Yungting, on the Kwangtung-Fukien border, "which would be the principal danger point in the event of hostilities in that area."

Nervousness over the Fukien situation has, it is recalled, existed in Canton for a considerable time, and troop movements towards the Kwangtung-Fukien border have been proceeding.

file for

SHANGHAI MUNICIPAL POLICE.

S.1, Special Branch

REPORT

Date November 28, 1935.

Subject (in full) Discussion between General Chang Chun and Mr. Ariyoshi
on Sino-Japanese situation.

Made by D.I. Sih Tse-liang Forwarded by *307*

It is reported that General Chang Chun (張羣), Chairman of the Hupeh Provincial Government, during his recent visit to Shanghai, called on Mr. Ariyoshi, Japanese Ambassador to China on November 27, and discussed the situation in the North. General Chang explained that in order to ameliorate the Sino-Japanese relations, the Peiping Branch of the Military Affairs Commission had been dissolved and General Ho Ying-ching (何應欽) had been appointed Resident Representative of the Executive Yuan of the National Government at Peiping. Mr. Ariyoshi, it is reported, remarked that this change had been adopted too late.

Sih Tse Liang
D. I.

D. C. (Special branch)

File
JMS

SHANGHAI MUNICIPAL POLICE.

File No. *D. 794*

Special Branch ~~XXXX~~

REPORT

Date *November 20, 1935.*

Subject (in full) *List of principal Northern officials who are reported to have figured in the economic independence movement in the North.*

Made by *and* Forwarded by *Supt. Tan Shao-liang.*

The following are Chinese officials reported to have figured in the economic and financial independence movement of the North said to have been caused by pressure from the Japanese:-

General Sung Cheh-yuan, garrison commander of the Peiping - Tientsin area;

General Han Fu-chu, chairman of the Shantung provincial government;

General Shang Chen, chairman of the Hopei Provincial government;

General Chin Teh-chun, Mayor of Peiping;

General Hsiao Chen-ying, chairman of the Chahar Provincial government;

Mr. Cheng Keh, Mayor of Tientsin;

General Wang Fu-lin, commander of the 53rd Army Corps and

Mr. Yin Ju-keng, administrative commissioner of the Luan-tung Demilitarized Zone.

Tan Shao-liang
Superintendent.

D.C. (Special Branch)

*Seen by
DC (SP BR)*

See also file 97108 on "Independent Government in North China"

SHANGHAI MUNICIPAL POLICE.

File No.

Special Branch *6724*

REPORT

Date: November 13, 1935.

Subject (in full) Rumours that General Sung Chek Yuen of Hopei has declared Independence.

Made ~~by~~ and Forwarded by Supt. Tan Shao-liang.

It is reported this afternoon in stock exchange circles that General Sung Chek Yuen, Defence Commissioner of Hopei (Chili), had declared independence.

An official of the Public Safety Bureau states that the rumour should be discredited, as Marshal Feng Yu Hsiang, the mentor and former superior of General Sung, is still in ranking. General Sung's delegate to Fifth National Congress of the Chinese People has presented a resolution that all the people should be allowed to participate in the Government of China, and that the one party system of Government should be abolished.

X 86924
6th Primary
Lang...

Tan Shao-liang
Superintendent

D. C. (Special Branch)

*Supt. Tan,
Please continue inquiries with
a view to finding confirmation
and report again*

13

No confirmation so far. Rumours have been spread evidently with the object of causing the depreciation in value of national debenture bonds.

J. L. J.H.S.

Tan Shao-liang Supt
14/11

SECRET
SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
No. S. B. R. No. 574
Date 5/120
Special Branch, SHANGHAI

REPORT

Date November 4, 1935.

Subject Political situation improves; understanding reached with Canton.

Made by [redacted] and [redacted] Forwarded by Supt. Tan Shao-liang.

A member of the Southern Delegation to ^{the} Sixth Plenary Conference of Kuomintang, who has just returned, is confident that the outcome of the meeting will be satisfactory and will result in the reunification of the country. He bases his optimism on the presence at Nanking of Marshals Yen Sih San and Feng Yu Hsi and the readiness of Chiang Kai Shek's party to make concessions.

The Southern party demanded that forty members of the South-West Political Council be included in the Committee of the Central Kuomintang. The number represents approximately 1/5th of the strength of that body. It is said that this request is receiving favourable consideration from Chiang's group, and suggestions that Hu Han Ming return ^{to} China and that a delegation of Southern leaders proceed to Nanking to participate in discussions on diplomatic and other national affairs have become probabilities.

Mr. Ma Chao Chiung - a Cantonese - the Mayor of Nanking, is on his way to Canton, to invite General Chen Chi Tang, General Li Chung-jen and General Pei Chung Hsi to visit Nanking.

It is believed that, with the arrival of all these leaders, the Nanking Government will be in a more favourable position to deal with Japanese demands and may offer to make concessions to pacify that nation. While for reaching the concessions will have a limit, and Japan will have to face a united China in case she endeavours to force the Government to go beyond that limit.

OFFICE OF COMMISSONER OF POLICE
NOV 5 1935
SHANGHAI

Act. b. l.
Information.
J. Lewis
5 NOV 1935

File
JK

Tan Shao-liang
Superintendent.

D.C. (Special Branch)

SHANGHAI MUNICIPAL POLICE

File No.
SHANGHAI MUNICIPAL POLICE
S. B. REGISTER
Special Branch
Date October 29, 1935

REPORT

Subject Reports concerning Japanese demands.

Made by _____ and _____ Forwarded by Supt. Tan Shao-liang.

During the month, conflicting reports have been in circulation regarding demands said to have been made by Japan to the Nanking Government but no confirmation could be secured in any official quarter. These demands, if any, will be revealed at the Session of the 6th Plenary conference when General Chiang Tso Ping, the Chinese Ambassador to Japan, will attend and report on the negotiations with the Japanese leaders at Tokyo while the Canton delegates will be anxious to find out the nature of these demands.

With reference to the attached memo, a Chinese politician asserts that it is likely that Japan has demanded the dismissal of Chang Hsueh Liang but not that of Chiang Kai Shek, the growth of power of Wang Ching Wei in the Nanking Government. He expressed doubt about the demand for the recognition of Manchukuo and the measures to be taken to request Leith Ross to leave China.

Tan Shao-liang
Superintendent

D. C. (Special Branch)

Supt. Tan,
Please see attached cutting of Kengo Telegram, published in U. S. News on Oct. 29, continue to watch movement and report again in due course

29 OCT 1935

Memorandum.POLICE FORCE.
MUNICIPAL COUNCIL.

Shanghai, 193.....

To

Being incensed with the manner in which certain people connected with the K. M. T. are flirting with Russia, Japan is reported to have presented a set of demands to China which include the following:

- 1, That nothing be said about the demands made until Russia is ready to grant them.
- 2, That China leave the League of Nations.

JAPAN SOUNDS OUT CHINA ON NEW PLAN

Three-Point Proposal for Rapprochement Reported
Made to Minister in Tokyo

CO-OPERATION SOUGHT IN NORTH

General Chiang Kai-shek in Shanghai En Route
to Capital: Greeted at Aerodrome

Tokyo, Oct. 28.

CHINA'S attitude towards a three-point proposal aiming at a rapprochement with Japan was formally sounded by Mr. Koki Hirota, Foreign Minister, in his interview with Gen. Chiang Tso-ping, Chinese Ambassador to Tokyo, in their interview this afternoon, Rengo learned from authoritative sources.

The plan comprises:

1. Positive aid by the Nanking Government to a scheme designed to place Sino-Japanese relations on a firm, friendly basis.
2. A formula for co-operation between China, Japan, Manchoukuo in the development of North China.
3. A programme for a common front among China, Japan and Manchoukuo aiming at the prevention of the spread of Communism.

The conference was held this afternoon at the Foreign Office, where Gen. Chiang called preparatory to his leaving here on Thursday for Shanghai en route to Nanking, where he will attend the Sixth Plenary meeting of the C.E.C. of the Kuomintang.—Rengo.

Tientsin, Oct. 28.

Conclusion of a military anti-Communist agreement is to be proposed by the Japanese Army to Gen. Chiang Kai-shek; Chairman of the Military Affairs Commission, it was learned to-day from sources close to the Army.

Simultaneously, these observers said, an agreement for the joint prevention of the sovietization of the northern provinces will be proposed by the military to the north China authorities.

Gen. Shang Chen, Chairman of the Hopei Provincial Government, when informally approached on the matter, consented to collaboration in the suppression of Communism, according to these sources.

Should Gen. Chiang Kai-shek reject the proposed agreement, the Japanese Army will terminate its efforts at co-operation with the Nanking Government, observers said.—Rengo.

FM 2
G. M. 100-1-26
R187

SHANGHAI MUNICIPAL POLICE.

STANDARD MUNICIPAL POLICE
File No. 100-1-26

S.1. Special Branch

REPORT

Date October 29, 1935

Subject Chinese Political Situation.

Made by D. S. McKeown

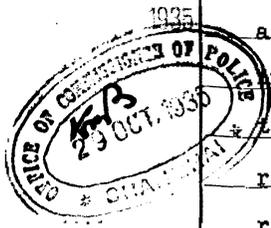
Forwarded by B. B. Lovest 9.

At 2 p.m. October 28, D.S. McKeown and D.I. Pan Lien-pih interviewed Mr. Lien Ping-san (李彬瑞) and Mr. Nyung See-bing (倪西萍), members of the suite of Mr. Huang Chih-loh (黄序隆), delegate of the South Western Group, and secretary to General Hu Han-min (胡漢民). The political situation was discussed, and Mr. Lien stated that during the last few days, Mr. Huang and Dr. H.H. Kung have held conferences daily in an endeavour to settle the differences between the Nanking Government and the South Western Group, and intimated that a compromise had been reached. It is believed that General Chiang Kai-shek came to Shanghai on October 28 to give official recognition to the settlement. When asked what would be the sequel to the settlement, Mr. Lien replied that it might lead to the establishment of a coalition government in which all legitimate political parties would be proportionately represented.

considering the short time that General Chiang stayed here and the rapidly with which he moved from place to place during that time, it is doubtful if he actually gave official recognition to anything so serious as a settlement bet. the National Gov. and the South.

These rumors are unfounded

Mr. Lien admitted that Sino-Japanese relations were strained at the present time, and stated that he had heard reports (unconfirmed) to the effect that the Japanese were making preparations for hostilities and that these preparations included the fortifying of Japanese schools in the Settlement. An alliance of the South Western Group and the Nanking Government would cause further tension, as it was the permanent policy of the Japanese to aggravate internal dissension in China, and obstruct the efforts of the Chinese politicians to attain unity. When questioned regarding the demands which the Japanese Authorities are reported to have submitted to the Nanking Government, Mr. Lien



SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date, 19

Subject

Made by

Forwarded by

- 2 -

and his colleague were non-committal, but from the general trend of their conversation, it was gathered that the attitude of the "South Western Group" was a stern one of no-compromise with the Japanese, and would continue to be so after the settlement of the differences with the Nanking Government.

M. Brown

D. S.

D. C. (Special Branch).

Acting Commissioner of Police,

Sir,

Information. Interested
authorities informed.

J. G. Lewis

*File
J.G.*

20 20 1936

GENERAL CHIANG IN SHANGHAI

Brief Visit Paid on Journey to Nanking

Gen. Chiang Kai-shek, Chairman of the Military Council, paid a flying visit to Shanghai yesterday on his way from Fenghua to Nanking to attend the Sixth Plenary Session of the Central Executive Committee of the Kuomintang to be held on November 1. Mr. Sun Fo, President of the Legislative Yuan, and Dr. H. H. Kung, Minister of Finance, left for the capital last night.

Like the previous occasion on December 15 last year, his brief visit was marked by the strictest of precautionary measures at Hungjiao Aerodrome and in streets leading to the field. Large contingents of the Preservation Corps, carrying rifles and fixed bayonets, assisted by the police patrolled the area. At the aerodrome the armed men threw a cordon round a wide area.

Respects Paid at Grave

Accompanied by Mme. Chiang, the Generalissimo arrived in the Junkers tri-motor D-ABAN monoplane at 11.45 a.m., his staff following in a Ford tri-motor plane. Among those seen at Hungjiao to greet them were Dr. H. H. Kung, Mr. T. V. Soong, member of the Standing Committee of the National Economic Council, Gen. Wu Te-chen, the Mayor, Gen. Yang Hu, Commander of the Peace Preservation Corps, Major-Gen. Tsai Ching-chun, Commissioner of the Bureau of Public Safety, and several others.

From the aerodrome, the couple travelled in a motor car to Dr. Kung's residence in Route Herve de Sieyes, where they stayed for tiffin. Shortly after 2.30 p.m., the couple left for the International Cemetery in Hungjiao

Road, where they paid respects at the tomb of Mme. Chiang's mother. From there they travelled to Hungjiao Aerodrome to resume their journey.

Delegates to the Sixth Plenary Session continue to arrive in Shanghai on their way to Nanking. Mr. Chen Pu-lai, Gen. Chiang's secretary, who arrived here from Fenghua on Sunday, left for Nanking yesterday. Gen. Chien Ta-chun, Chief of Staff of the Wuchang Headquarters of the Generalissimo, also left for Soochow en route to Nanking.

Southern Leaders Arrive

Messrs. Liu Lu-ying, Tsui Kwang-shiu, Teng Tsin-yang, Chuan Chu-ju and Li Jen-jen, southwestern members of the Central Executive Committee, arrived here in the ss. President McKinley yesterday, being welcomed by a group of C.E.C. members including Mr. Huang Chi-loh. Mr. Yang Te-chao, personal representative of Gen. Chen Chi-tang, stationed in Nanking, and Mr. H. O. Tong, Superintendent of Customs, were present on the wharf to greet the visitors.

Interviewed by press representatives, the delegates stated that they carried some general proposals for discussion at the forthcoming conference. These were signed by all southwestern C.E.C. members. Mr. Hu Han-min, former President of the Legislative Yuan, is still in Germany, his health being much improved. The date of his return was not known.

The southwestern members would not object to the convention of the Fifth National Congress of the Kuomintang, which was postponed to next month from last year.

Nanking, Oct. 28.

General Chiang Kai-shek arrived here at 4.25 o'clock this afternoon.

Gen. Feng Yu-hsiang is reported to be leaving Taihsan to-morrow for Nanking and to be arriving here on Thursday.—Reuter.

MUNICIPAL POLICE
B. REGISTRY
B. D. 6794
67935

JAPANESE GIVE WARNING TO CHINESE

Alleged Non-Observance of Agreement: "Blue Shirt Activities Continue on Wide Scale"

LUKEWARM SUPPRESSION MEASURES

Hopei Authorities Charged with Insincerity and Supporting Terrorist Organizations

TROUBLE has flared anew in north China. Mr. S. Kawagoe, Japanese Consul-General in Tientsin, having filed a warning with the Chinese authorities on the non-observance of the so-called Ho-Umetzu agreement, concluded last June, which provided for a settlement of the prolonged controversy last summer, says Rengo.

Mr. Kawagoe also demanded a settlement of the Lunchow incident, in which Col. Liu Tso-chou, Commander of the Third Peace Preservation Corps in the Demilitarized Zone, was assassinated by four Chinese, and a Japanese gendarme was wounded.

Formal warning was served on Gen. Shang Chen, Chairman of the Hopei Provincial Government; Gen. Sung Cheh-yuan, Commander of the Peiping-Tientsin Garrison; Mr. Cheng Keh, Mayor of Tientsin; and Mr. Yuan Liang, Mayor of Peiping. Simultaneously, representatives of Maj.-Gen. H. Tada, Commander of the Japanese Forces in North China, called on the four Chinese officials to explain to them the position of the Japanese Army.

Mr. Kawagoe's protest declared that "despite your pledges on the conclusion of the recent controversy in north China to suppress all anti-Japanese and anti-Manchoukuo organs, such as the Tangpu and Blue Shirts, our investigations show that their activities are still being carried out on a wide scale."

"Your lukewarm measures in suppressing such groups are apt to arouse our suspicion that you are not only insincere but are secretly supporting these organizations," the memorandum continued.

"Our warning of September 2 to the chairman of the provincial government on the eradication of anti-Japanese elements seems to have had no effect. Under such circumstances, the situation in north China is bound to become aggravated, despite various agreements.

"Accordingly, I ask you to take prompt and decisive steps to put an end to various anti-Japanese and anti-Manchoukuo organizations under your jurisdiction," Mr. Kawagoe's warning concluded.

Situation Becomes Worse

In an exclusive interview with Rengo, Mr. Kawagoe said that the warning was a "natural consequence" of the ever-increasing activities of the Tangpu and the "Blue Shirts."

"Despite our repeated warnings, the situation is becoming steadily worse. We cannot afford to overlook

Serious Consideration Urged

Tokyo, Oct. 29.

Gen. Y. Kawashima, Minister of War, to-day urged Gen. Chiang Tso-pin, Chinese Ambassador to Japan, to give "serious consideration" to the three-point proposal for Sino-Japanese co-operation made by Mr. K. Hirota, the Foreign Minister, yesterday. The Japanese official stressed the need for a definite statement of attitude by Nanking towards the Hirota plan.

Gen. Kawashima stressed in particular the necessity for China's co-operation in the plan, and asked Gen. Chiang to transmit his views to the officials in Nanking.—Rengo.

the violation of the pledges given to us by China. We intend to collaborate with the military in keeping a strict watch on the attitude of the Chinese authorities, and in pressing for the complete observance of all agreements," he declared.

Simultaneously with the filing of the protest, Maj.-Gen. Tada issued a statement designed to clarify the Japanese Army's attitude on the situation.

"The Ho-Umetsu agreement," this said, "was intended to put an end to north China complications. Although we desired to make the understanding permanent, the Luanchow incident cast a dark shadow over the agreement."

Intrigues Deeply Rooted

"The incidents which followed the Luanchow case have shown us that grim anti-Japanese and anti-Manchoukuo activities are being carried on without interruption. Accordingly, Mr. Kawagoe served a warning on the Chinese authorities in September, but unfortunately, it has had no effect.

"Our investigations show that the Chinese intrigues are deeply rooted. Terrorism is being carried out on a well-devised plan. We attribute these facts to the inadequate instructions from the Central Chinese authorities," the statement went on.

The declaration also warned that the Japanese authorities cannot overlook any attempt on the part of China to check Japan by sovietizing the northern provinces.

"We fear for the future of the Orient if the matters are allowed to take their course. Having in mind the welfare of China's four-hundred millions and the peace of the Orient, we warn the Central Government to observe strictly her obligations under the agreement concluded in north China," the statement concluded.

Maj.-Gen. Tada's views were explained to Gen. Shang Chen by Lieut.-Col. T. Takahashi, Assistant Military Attaché in Peiping.

Japanese Officials United

Immediately on receipt of the warning, Mr. Cheng Keh called a conference of high municipal officials to discuss the steps to be taken. He also cabled the contents of the

Japanese note to Gen. Chiang Kai-shek with a request for instructions.

Gen. Shang later invited Mr. Cheng and Mayor Yuang Liang to a conference in Peiping at which the warning will be discussed. The Chinese authorities here are reported to be at a loss as to the steps to be adopted.

Mr. Kawagoe's warning is understood to have been discussed at recent conferences in Dairen, Shanghai and here among Japanese consular, military and naval officials, and was issued with the full understanding of the Ministries of War,

Navy, Finance and Foreign Affairs.

Japanese observers regard the action as a demonstration of the unity of views existing between the Gaimusho and the Army, in contrast with the former independent policies.

The Ho-Umetsu agreement of last June provided for the abolition of Peiping and Tientsin Tangpu, the eradication of all anti-Japanese and anti-Manchoukuo organizations, including the "Blue Shirts," the abolition of the Peiping Branch Political Council, and the removal of Gen. Yu Hsueh-chung as chairman of the Hopei Provincial Government.

Nanking Informed

Other provisions called for the transfer of Gen. Chang Hsueh-liang's troops from north China; the abolition of political training institutes maintained by the Kuomintang; and the removal of a number of minor officials, including Mr. Chang Ting-gao, Mayor of Tientsin.

Lieut.-Col. S. Amemiya, Japanese resident officer in Nanking yesterday called on Mr. Tang Yu-jen, Vice-Minister for Foreign Affairs, to explain the contents of Kawagoe warning.

Mr. Tang promised to communicate the matter to Gen. Chiang Kai-shek and Mr. Wang Ching-wei.

Possible Consequences Minimized

Peiping, Oct. 29.

Hopei leaders to-day minimized the possible consequences of the Kawagoe protest.

In an interview with Rengo, Gen. Shang Chen said he had cabled Nanking for instructions, which he expected to receive in two or three days. "I hope and believe that the negotiations will proceed along smoothly towards a peaceful settlement of the question," he said.

Gen. Sun Cheh-yuan said he had not yet studied the Japanese note fully but that he would pursue his policy of promoting Sino-Japanese amity which he had announced when he had taken over his new post. "Everyone knows that anti-Japanese agitation is definitely harmful to the relations between the two countries and I intend to suppress all action tending to disturb international relations," he added. "I am now preparing an answer to the note and I don't foresee any difficulties in that connection."—Rengo.

JMG
80 OCT 1935

Secret

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
File No. 4444
No. S. B. D.
Date
Special Branch: 3333

REPORT

Date: October 21, 1935.

Subject: Developments in Chinese Political Situation Likely to Affect Shanghai.

Made by: _____ and _____ Forwarded by: Supt. Tan Shao-liang.

Generalissimo Chiang Kai shek left Nanking for Ningpo by aeroplane yesterday afternoon. It is expected that he will return to Nanking about the end of the month.

It is reported that 5,000 soldiers have arrived at Wusih. People arriving from Wusih allege that troops are maintaining themselves by preying upon the residents of the villages where they are stationed.

The transfer of troops to reinforce the garrisons in Chekiang and Kiangsu is being carried out in consequence of a belief in Government circles that the Japanese intend to occupy the parts of these provinces close to the coast, in case the Chinese authorities interfere with the plans regarding the Five Northern Provinces. The seizure of ports of Kiangsu and Chekiang would deprive the Chinese Government of important sources of revenue and cause serious financial embarrassment.

It is reported that the Japanese are pressing that the scheme for Sino-Japanese Co-operation in controlling and exploiting the Five North-Eastern Provinces should be given full effect without delay.

The Japanese are reported to regard with disfavour the decision of the Government to appoint Marshal Chang Hsueh Liang Deputy Commander of the North-West Anti-Communist Forces.

Tan Shao-liang
Superintendent.

D. C. (Special Branch). *Supt. Jan,*
Please continue to watch developments and report from time to time.
JMS

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
Special Branch Station
No. 5
Date 5 October 18, 1935

SECRET

REPORT

Subject (in full) Visit of General Chiang Kai Shek at Nanking and the Political Situation.

Made by _____ and _____ Forwarded by _____ Supt. Tan Chao-liang.

Occurring at the same time as the conferences in Shanghai of Japanese Military and Civil officials, the visit of General Chiang Kai Shek to Nanking is considered by some to reflect the tenseness of the situation in the North, while others consider his arrival in the capital to be connected with discussions in preparation for the sessions of the 6th Plenary Conference.

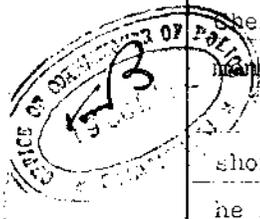
The subjects discussed by the political leaders at Nanking have not yet been ascertained. Reports are current in well informed circles that Nanking will resort to force to prevent Japan from annexing or otherwise assuming control over the Five Northern provinces. The fact that Mr. T.V. Soong, who is a strong advocate of this policy, was called to Nanking is believed to be an indication that the matter was discussed there.

Reports have reached Shanghai that nearly all the aeroplanes in Hangchow have been removed to a point further west, and that troops from Kiangsi are being transferred to Chekiang. There were no troops in Chekiang province a few months ago, except the Pao An Tui (保安隊).

It is rumoured that General Chiang Kai Shek will shortly leave for Chekiang to inspect these troops and that he may pass through Shanghai on his way there.

It is also reported that the guards at places along the Shanghai-Nanking Railway have been strengthened.

Marshal Chang Hsueh Liang will visit Shanghai soon. Marshal Chang is regarded with great disfavour by the Japanese, and his future movements may form an indication of the policy that the National Government intends to adopt towards that country.



Supt. Tan,
For further
report please
JML

Act. G. V.
Information
J.H. Swins

Tan Chao-liang
Superintendent.
18 OCT. 1935

S.C. (Sp. Br.)

October 17, 1935.

Afternoon Translation.

Journal de Shanghai:-

SUDDEN ARRIVAL OF CHIANG KAI SHEK AT NANKING ---
SINO-JAPANESE RAPPROCHMENT DISCUSSED ---
A LIMIT TO CONCESSIONS

Nanking, October 15.

After a short stay at Taiyuanfu, Chiang Kai Shek suddenly returned to Nanking at 2.45 p.m. yesterday. It is understood that Chiang Kai Shek may pay a short visit to Shanghai.

It is said that the question of Sino-Japanese rapprochement was discussed from every point by Chiang Kai Shek and the leading officials. While leaving the negotiations to be handled by Wang Ching Wei, Chiang Kai Shek has advised him to be prudent so as to satisfy public opinion.

In political circles, all talk is centring on the following three questions :-

- a) What will be the nature of Japan's new proposals after the conferences at Dairen and Shanghai and what will be the reaction in China?
- b) Will the Opposition carry out its threats against the present Government?
- c) Should Wang Ching Wei tender his resignation to the 5th Plenary Congress of Directing Members of the Kuomintang in November, will it be accepted?

As regards the first question, Chiang Kai Shek has already drawn up a well defined plan & concessions must have a limit.

It is generally admitted that the relations between Nanking and Canton have become very strained but it is not believed that this tension may lead to a civil war.

As for the possibility of Wang Ching Wei resigning, different views are being held. Some say that it will be accepted by the large assembly of Central directors and by the majority of the Central Executive Committee and the Central Control Committee, without counting the Opposition who earnestly desire a re-organization of the present Government on a new basis.

Tungpu In Suiyuan Province Dissolved By Nanking

Persons arriving from Suiyuan Province state that by order of the Central Government, the Provincial Government on October 1 ordered the suppression of all Tungpus throughout the province. The "Min Kuo Jih Pao", official organ of the Kuomintang at Kweihoa, the Capital of the province, has been ordered to cease publication as from October 22.

J. Santos.

Supt. Jan.
Any information
please
JMS

D.6794

6794

October 25, 1935.

Morning translation

RUMOURS IN SHANGHAI ABOUT NEW JAPANESE DEMANDS REFUTED

A responsible officer of the Ministry of Foreign Affairs stated yesterday that the rumours recently circulating in Shanghai about Japan preparing to present of having already presented new demands to China, are absolutely untrue. According to the rumours, 6 or 13 demands have been made by the Japanese.

According to the officer of the Foreign Office, the Government has not received any demands recently from the Japanese Authorities. He stated that during the present endeavour made by both the Japanese and Chinese Governments for a co-operation, Japan will not resort to pressing new demands on China. The Public is requested to disregard these rumours.

D.6294

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6794
Date 21 10 35

October 21, 1935.

Movement of troops

It is learned from a reliable source that special precautionary measures have been adopted along the coast of Hangchow Bay from Hsiangsakiang to Chapoo. 70,000 troops (units unknown) have been transferred from Kiangsi and Fokien to guard this coast. It is also learned that two armoured trains have been transferred from the Tientsin Pukow Railway to the Shanghai Nanking Line and are now running between Wusih and Nanking. To date, there have been no movements of troops in the suburbs of Shanghai.

D.6794

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
No. <u>D 6794</u>
Date <u>20</u> / <u>10</u> / <u>35</u>

October 20, 1935.

Morning translation.

RUMOURS RE NEW DEMAND TO CHINA REFUTED

Rumours have been rife to the effect that Japan has submitted new demands to China.

In an interview with a reporter of the Central News Agency, Wang Ching Wei, President of the Executive Yuan, said that the rumours were false.

12207

CHINESE ENVOY TOLD TO ACCEPT JAPANESE DEMANDS

Anti-Nippon Movement to
be Eradicated

RECOGNITION SOUGHT FOR MANCHOUKUO

Instructions to accept Japan's demand for the eradication of the anti-Japanese movement in China will soon be sent to Gen. Chiang Tso-pin, Ambassador to Tokyo, the "Shanghai Nippo" reported last night in a feature article, quoted by Rengo.

The instructions were formulated at a series of conferences held in Nanking by Gen. Chiang Kai-shek, Mr. Wang Ching-wei, Mr. Sun Fo, Mr. Huang Fu, Mr. Chen Li-fu, and other high Government officials, the paper said.

The conferees considered the proposals made by Mr. K. Hirota, Foreign Minister, to the Chinese Ambassador some time ago. These proposals included, the paper said:—

Extermination of the anti-Japanese movement and the realization of an Sino-Japanese economic rapprochement;

Tripartite collaboration, economic and administrative, in north China, eventually leading to China's recognition of Manchoukuo;

Co-operation among China, Japan and Manchoukuo in preventing the Sovietization of north China and Inner Mongolia.

No Recognition for Manchoukuo

The Chinese officials, according to the "Nippo," agreed to accept the assistance of Japan and the new Empire in suppressing Communism, but rejected the proposal to recognize Manchoukuo, holding that "the time is not yet opportune."

Gen. Chiang Tso-pin was expected to leave Tokyo for China on or about October 24, but has, according to the "Nippo," decided to hold a few more conferences with Mr. Hirota, as the question of Sino-Japanese relations will form an important item on the agenda of the forthcoming congresses in Nanking.

Meantime, the "Nippo" said, perfect accord has been secured between Tokyo and the Japanese military and diplomatic officials in China, as the result of meetings of the last three days, and the stage is now set for the materialization of Japan's policies in this country.

Nanking Spokesman's Views

Nanking, Oct. 22.

Interviewed to-day in connection with the reported Sino-Japanese economic co-operation, a spokesman of the Ministry of Foreign Affairs stated that the scheme will be worked out by private interests.

Detailed measures, the spokesman said, will be mapped out according to recommendations of the Chinese Economic Mission now making investigations in Japan.

Referring to the newly-inaugurated North China Economic Union, he pointed out, it is a purely private organ without official backing.

Meanwhile no official information has as yet been available as to when Mr. A. Ariyoshi, Japanese Ambassador to China, will visit Nanking, despite persistent reports that he is coming here at the end of this month.

The Waichiaopu has not yet received any note from Mr. Ariyoshi asking for an appointment with Mr. Wang, Ching-wei.—Central News.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
No. S. B. D. 6794
Date 25 10 35

SI, Please let
me know the
official designation
of Hollington Fong.
It is said that his
names figures in
the list of censors.

26 OCT 1935

SI
MG
J

[Handwritten signature]

77378
SHANGHAI MUNICIPAL
S. B. REG. STN
S. B. D. 6794
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THE SHANGHAI TIMES, MONDAY, OCTOBER 21, 1935

New Claims By Japanese Are Denied

Wang Ching-wei Warns
Public To Ignore
Wild Rumours

NANKING, Oct. 20.—Rumours that the Japanese had presented new demands concerning North China were strongly denied by Mr. Wang Ching-wei in an interview with the Central News Agency late last night.

Messages from Peiping also contain a statement by General Sung Cheh-yuan, Garrison Commander for the Peiping-Tientsin area, warning the public not to accept the many wild rumours afloat concerning the Sino-Japanese situation in the north.

General Sung stated that his meetings with Japanese military leaders were purely of a social character, and he gave an assurance that he had neither verbally nor in writing accepted any demand from any sources.—Reuter.

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SHANGHAI MUNICIPAL POLICE.

File No. 67911

S.1, Special Branch ~~Branch~~

REPORT

Date October 22, 1935.

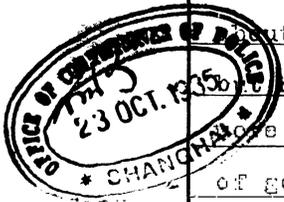
Subject Political Situation - Interview with Mr. Hollington Tong

Made by D.S. McKeown

Forwarded by

Bob Lueck

At 11.15 a.m. October 22, D.I. Sih Tse Liang and D.S. McKeown interviewed Mr. Hollington Tong in his office, No.501 Shanghai Times Building, 160 Avenue Edward VII, and discussed the political situation with him. Mr. Tong mentioned that he was arranging certain affairs for General Chiang Kai-shek, and was thoroughly conversant with every phase of the present situation. He stated that wild rumours were being disseminated which were without the slightest foundation, and cited the routine movements of troops in Chekiang, Shansi, and Kiangsu, which were being misinterpreted as intensive preparations to meet a Japanese invasion. The advent of the 6th Plenary Session and the meetings convened by Japanese Naval and Military authorities had no doubt provided an excuse upon which the rumour mongers could trade. Mr. Tong stated that these rumours were put into circulation by unscrupulous financiers who hoped to further their own ends by causing a state of financial chaos in Shanghai. He pointed out that the value of government stocks and bonds had depreciated considerably about five days ago when credence was attached to the rumours, but had recovered now that it was evident that the rumours were groundless. The opinion of the Chinese politicians of good standing was that there was a danger of Japan taking advantage of the turmoil in Europe which would arise if the Italo-Abyssinian dispute remained unsettled, but with the lessening of the tension in that direction during the past two days, there was little danger of the Sino-Japanese situation developing unfavourably in the immediate future.



In conclusion Mr. Tong stated that he would keep in touch with D. S. McKeown and communicate all significant

SHANGHAI MUNICIPAL POLICE.

File No.....

REPORT

..... Station,

Date..... 19

Subject.....

-2-

Made by..... Forwarded by.....

political developments.

JK

M. Dixon
D. S.

D. C. (Special branch).

Commissioner of Police,
Sir,

Information and kindly
return.

J. Swins

File
JK

22 OCT 1935

FM 7
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KYK/

SHANGHAI MUNICIPAL POLICE.

File No. 794

S.1, Special Branch ~~XXXX~~

REPORT

Date. October 21, 1935.

Subject. Political Situation - Movements of Troops.

Made by D. S. McKeown

Forwarded by B. B. Everest D.S.

It is learned from a reliable source that special precautionary measures have been adopted along the coast of Hangchow Bay from Hsiangsankiang to Chapoo. 70,000 troops (units unknown) have been transferred from Kiangsi and Fokien to guard this coast. It is also learned that two armoured trains have been transferred from the Tientsin Pukow Railway to the Shanghai Nanking Line and are now running between Wusih and Nanking.

To date, there have been no movements of troops in the suburbs of Shanghai.

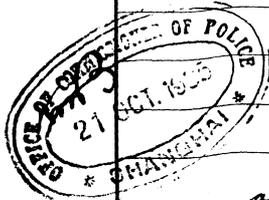
It is reported that General Chiang Kai-shek left Nanking for Ningpo by aeroplane at 2.30 p.m. October 20, 1935, en route to Fenghua. It is stated that he may proceed to Hangchow to review the troops stationed there.

D.I. Pan Lien-pih obtained the foregoing information.

D. S.

D. S.

D. C. (Special Branch).



Acting Commissioner of Police,

Sir,

Information, S. V. G. and other authorities specially interested have been informed.

File MK

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New Japanese Demands To China

Prominence has been given lately in the Japanese and Chinese press to the question of Sino-Japanese relations. And the Japanese press points out that the "new policy" of Japan is prompted by the "insincerity" of the Nanking Government. What is meant by the "new policy" of Japan, what are the concrete demands of the Japanese Government, the Japanese papers do not state. Neither is it known whether any such demands had actually been presented to Nanking, and if not, when they shall be presented.

The local American "China Weekly Review" in its last issue in connection with the rumours of new demands being presented by Japan to Nanking, writes:

What are Japan's present demands? In last week's issue of The Review (Oct. 12) there appeared several versions of Japan's latest "new policy," as reported by the Japanese newspapers following the Tokyo Cabinet discussions which took place during September. Now, as a result of the military conference in Dairen and pending conferences of similar nature scheduled for Peiping, Tientsin and Shanghai, the air is filled with rumours regarding fresh Japanese demands which allegedly have been presented at Nanking or are scheduled for presentation shortly. First it was reported that the Japanese had handed Wang Ching-wei, head of the Executive Yuan, a so called "8-point" program, covering Japan's idea of what the relations of the two nations should be, but the list of rumoured demands now far exceeds any 8 point program as the following indicates:

- 1—Discontinuance of all negotiations with Sir Frederick Leith-Ross, British financial adviser now in China.
- 2—Financial independence for five northern provinces, Hopei, Shantung, Shansi, Chahar and Suiyuan.
- 3—China's resignation from League of Nations.
- 4—Recognition of Manchukuo.
- 5—Cooperation between China, Japan and Manchukuo in the creation of Far Eastern political - - economic "bloc."
- 6—Demilitarization of five coastal province, Kwangtung, Fukien, Chekiang, Kiangsu and Shantung.

- 7—Establishment of through passenger and freight services between Mukden and other points in Manchukuo and all points in the Yangtze valley, leading to handing over of all northern Chinese railways to management of Japanese South Manchuria Railway.
- 8—Discontinuance of all anti-Japanese activities throughout China.
- 9—Office of "generalissimo" to be abolished and military authority to be centered in war ministry under Gen. Ho Ying-chin, but actual authority to be centered in Executive Yuan.
- 10—Dismissal of Marshal Chang Hsueh-ling and withdrawal of his troops from Shensi and other points in Northwest.
- 11—Full and frank Sino-Japanese cooperation in suppression of Communism, particularly in Northwestern provinces.
- 12—Japanese observers to have right to attend meetings of forthcoming Kuomintang Congress in order to determine whether China is acting in good faith.
- 13—Complete abandonment on China's part to dependence on American or European support in fields of politics, economics, finance.

This list of alleged demands, chiefly from the Japanese newspapers in Shanghai, Dairen or in Japan, probably should be labeled as "Japanese Desires," rather than demands because officials of the National Government were stated to have denied that any new demands have, as yet, been presented. However, the Chinese Chekiang Agency on Oct 18 reported that Akira Ariyoshi, Japanese Ambassador had requested an appointment with Wang Ching-wei for the purpose of discussing Japan's new policy. Perhaps the best indication of the scope of

the new policy was contained in a Reuter report from Dairen on Oct. 17 stating that the Japanese are intended to regard North China as a "Sino-Japanese cooperative area," and that the Chinese Government should be presented with demands that all causes of trouble in the North "be uprooted." In the event of Nanking's failure to satisfy this demand, the Japanese army "would insist on the divorce of North China from Nanking, including withdrawal of central government troops and complete severance of financial relations." In the face of this situation it actually makes little difference whether Japan has presented six, eight or a dozen demands. The main point to be kept in mind is that the Japanese are taking advantage of the present crisis in world affairs to establish a military protectorate over the Chinese Republic. When this point is fully realized the matter of specific demands is of little consequence and can have little effect on the ultimate outcome. This is the fundamental problem which faces the Chinese people and their friends in other parts of the world!"

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SHANGHAI MUNICIPAL POLICE.

File No. REGIST.

D. 6794

S.1., S.B. 2 Station 37

REPORT

Date. October 20, 1935

Subject Political situation - movements of troops

Made by D.S. McKeown

Forwarded by

B. B. Guenzl

No confirmation of the report that there are 50,000 troops at Chapoo and 20,000 at Kashing can be obtained locally.

In addition to the two regiments of the 53rd Division transferred from the Kiangsi, Fokien and Chekiang borders to Kashing and Chapoo, further information reveals that one regiment of independent artillery is now stationed in Kashing.

Another unconfirmed report states that there are 25,000 troops at Ishing south of Wusieh.

The fact has been established that the number of troops in Chekiang is being increased daily.

The collecting of information is extremely difficult owing to the fact that the Ministry of Railways issued a confidential order to local railway authorities a few days ago repeating its previous instructions that all troop movements must be kept secret, and that any member of the staff who discloses military information will be severely punished.

McKeown

D. S.

D. C. (Special Branch)

*A-10
JHS*

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai, 193.....

To

Inquirer's Proceedings

Hollington K. Fong,
who used to be editor of
the China Press, has
established an office
in Room 501, 5th floor,
of Shanghai Times Bldg.,
where he seems to be acting
as publicity agent for
Marshal Chiang Kai Shek.

Fong sends copy to
Reuters and the Associated
Press.

Fong is assisted by a
man called Pratt who
is a friend of W. H. Donald,

advised Lt. Young,
Marshall.

Any confirmation of
reports that there are
50,000 troops at Bhopo
and 20,000 troops at
Kashiy?

SHANGHAI MUNICIPAL POLICE.

File No.....

S.I. Special Branch ~~SECRET~~
REPORT

Date...Oct...18...1935.

Subject.....Political Situation.

Made by...D.S. McKeown

Forwarded by...*B. B. Jovanovitch*

Inquiries have been made at all steamship companies but as yet, there is no information to hand regarding the movements of troops. Japanese barracks and wharves have been visited but there are no signs of unusual activities. The railway authorities who are usually the first to obtain news of impending trouble have been consulted, and state that the situation is normal. They are not adopting any precautionary measures.

According to well informed Chinese circles there will be no development in the political situation until the conclusion of the 6th Plenary Session which commences on November 1. This statement is made because it is rumored that Chiang Kai-shek has informed the Japanese authorities that he cannot make a decision regarding the acceptance of the Japanese demands independently and must obtain the approval of the members of the Plenary Session. It is possible, however, that the Japanese will demand an immediate reply to their demands.

D. S.

D. S.

D. C. (Special Branch).

SI

Please see note underneath and continue inquiries.

JM

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SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. I. REC. STATION
File No. D. 6794
21 10 35

S. I., Special Branch Station,

REPORT

Date: October 18, 1935.

Subject: Political Situation.

Made by: D. C. McKeeown.

Forwarded by: *B. B. Lovest*

It is learned that certain demands have been submitted by the Japanese to the Nanking Government regarding economic co-operation in North China. The Nanking Government is in a dilemma, as the demands are in the nature of an ultimatum in that unless the Nanking Government accepts the demands, a new form of government, under Japanese control and with the assistance of certain Chinese politicians and militarists, will be established in the North.

The effort of the Nanking Government to come to terms with the south-west party (Canton) during the past month has failed, owing to the opposition of this party to the dictatorial policy of Chiang Kai-shek. Without the support of the south-west party, Chiang Kai-shek and the Nanking Government dare not directly refute the demands of the Japanese. At the same time they dare not accept the demands of the Japanese because this acceptance would give an immediate excuse to the south-west party, and other opponents of the Nanking Government, to denounce Chiang Kai-shek and his supporters and lead expeditions against them.

Procrastination on the part of Chiang Kai-shek regarding the demands of the Japanese may give them an excuse for commencing military operations along the Yangtze valley.

Authentic information is to hand that two regiments of the 53rd Division, formerly engaged in bandit suppression on the Kiangsi, Fokien and Chekiang borders, have been transferred to Kashing and Chapoo.

Enquiries are proceeding and a further report will be submitted today.

Pl. Further report please in due course. M.S.

D. S.

D.C. (Special Branch)

SI, the information about troop dispositions should be checked. It is said there are 50,000 men at Chapoo and 20,000 at Kashing.

M.S.

12 OCT 1935

*D. C. McKeeown
15/10/35*

GENERALISSIMO CONFERS WITH HIGH NANKING OFFICIALS

Influx of Government Leaders Creates Interest: Constitution May Be Revised

Nanking, Oct. 17. With the date for the plenary session of the Central Executive Committee drawing closer—it is to commence on November 1—and with many wild rumours afloat concerning Japan's new policy towards China, deep interest has been aroused by the conversations which Gen. Chiang Kai-shek is holding with high members of the Government.

Hitherto, details of these talks have been guarded with the strictest secrecy.

The latest officials to confer with the Generalissimo were Mr. Huang Fu, Minister of Interior, who arrived from Shanghai this morning, and Mr. T. V. Soong, who rushed here by air.

The former was closeted with Gen. Chiang for a very long period shortly after setting foot in the capital, while Mr. Soong conferred with Dr. H. I. Kung, the Finance Minister, before interviewing the Generalissimo.

Mr. Soong's arrival lends colour to the report that the monetary situation forms one of the topics for discussion.

General Yen to Visit Capital

It is now stated that Gen. Yen Hsi-shan, whose proposal for public ownership of land has excited great interest throughout the country, may attend the plenary session. It is reported that the Generalissimo's Boeing plane, which left for Taiyuan yesterday, will probably convey Gen. Yen to the capital.

Meanwhile, the standing committee of the Central Executive Committee has decided on five principles in connection with the proposed constitution for the Chinese Government.

These principles have now been referred to the Legislative Yuan, which will meet soon to discuss the matter, for revision.

The belief is gaining ground that the question of the establishment of a constitutional government will be

discussed at the forthcoming plenary session of the C.E.C.

Details of the five principles have so far not been divulged.—Reuter.

Agenda Undecided

Nanking, Oct. 17. Gen. Chiang to-day visited the offices of the Military Affairs Commission and later received Mr. Sun Fo, Mr. Wu Chih-hui, Mr. Chen Li-fu and Mr. Shao Yuan-chung. He later

called on Mr. Wang Ching-wei, with whom he conferred for about two hours.

Interviewed to-day, Mr. Sun Fo said that the agenda for the 5th National Kuomintang Congress will not be decided until after the close of the 8th Plenary Session of the Central Executive Committee on November 1.

The majority of party members of the opinion, he said, that the period of political tutelage, which has been in force for several years, should now end but whether this question will be discussed, or not, at the National Congress, cannot yet be decided.

Mr. Li Wen-fan, a member of the C.E.C., arrived here yesterday from Canton to attend the 8th plenary session. He will call on Gen. Chiang and Mr. Wang Ching-wei shortly. Interviewed, he said that Mr. Hu Han-min is still in Germany. As Mr. Hu may proceed to America, Mr. Li said that his return to China is indefinite.—Kuo Min.

SUGGESTED REFORMS FOR NANKING

A Practice Detrimental To City's Good Appearance

Nanking, Oct. 17. After a drive through the streets of the capital to-day, Gen. Chiang Kai-shek wrote an autographed letter to the Mayor, Mr. Ma Chao-chun, in which he recommended two measures for the improvement of the city's municipal affairs.

First, he suggested, more evergreens should be planted along the main thoroughfares. The Municipal Government should have these evergreens inspected at least once a week.

Secondly, steps should be taken immediately to prohibit people living in the vicinity of Ikiang Gate from drying their miscellaneous belongings in public places. This practice, Gen. Chiang points out, is detrimental to the good appearance of the city.

Nanking, Oct. 17. In view of the fact that more than two-thirds of the members of the Central Executive Committee have already arrived in Nanking, the 8th Plenary Session will be convened on November 11, as arranged, and will not be further postponed.—Chekial.

SI
Please keep in
connection with inquiries
to which you are now
engaged. JH

18 OCT. 1935

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D. 629
21, 8, 1935

MR. WANG AND "TRIBUNE"

The current issue of the "People's Tribune" makes an interesting editorial statement which may or may not have a bearing on the current political situation. The journal is edited by Mr. Tang Leang-li whose studies of Chinese politics are always stimulating. Mr. Tang Leang-li is a close friend of Mr. Wang Ching-wei and it has been the custom to assume that the "People's Tribune" has the peculiar privilege of reflecting Mr. Wang Ching-wei's views. Now it has reproduced a letter addressed by Mr. Tang Leang-li to the "China Weekly Review" disclaiming such authority. Mr. Tang Leang-li refers to a statement that his journal has been "generally looked upon as the mouthpiece of Wang Ching-wei" and describes it as a misapprehension for

the opinions expressed in my journal which can be taken as reflecting the views of the President of the Executive Yuan are those published under his own name. For all other opinion (other than those expressed in signed articles) nobody is responsible but myself.... The point I wish to stress is simply that I alone am responsible for the contents of "The People's Tribune", be they good, bad or indifferent, and that the President of the Executive Yuan is in no way concerned with our expressions of editorial opinion and policy. He—as also many other national leaders—has on various occasions favoured us with his views on current affairs for publication, but in all such cases their names have been attached, and only when thus definitely labelled must anything appearing in the "People's Tribune" be regarded as representing their views.

So, Mr. Tang Leang-li's position is clear. Incidentally his letter contains a pointed and well-considered refutation of the argument that the Government should adopt "a more aggressive attitude" in resisting Japan. He likens such advice to "telling a very sick man to leave his bed and engage in strenuous exercise—at the risk of dropping dead from heart failure."

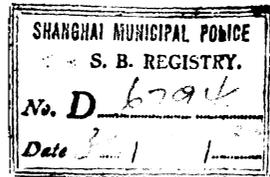
SI, Please note and pass to S 5 to file.

[Signature]

J.H.G.
22 AUG. 1935

noted [Signature] 22/8/35

[Signature]



July 30, 1935.

Afternoon Translation.

Shun Pao published the following editorial on July 28:-

ADVICE TO PERSONS STUDYING SINO-JAPANESE ECONOMIC
RAPPROCHEMENT IN NORTH CHINA

According to despatches from Tientsin, delegates from China and Japan are at present meeting in that city to discuss conditions for a Sino-Japanese economic rapprochement in North China. Besides several bankers and industrialists representing the two countries, the City Government of Tientsin, the Japanese Military and Embassy have also sent delegates to this meeting. We take this opportunity to express some of our views to these delegates.

The present Sino-Japanese economic rapprochement in North China is the result of recent political and military events and there is no need for us to conceal the fact. As it is almost an accomplished fact, let us calmly examine the situation which faces us to-day, and since we cannot make it otherwise let us endeavour at all events to render this rapprochement mutually profitable.

What is economic rapprochement? This term has undoubtedly a special significance to this meeting in the North. In its proper meaning, the expression signifies, ordinarily, a rapprochement based on equality and mutual benefit. If the persons undertaking a study of this problem will act on this principle, the two interested parties will benefit. If Japanese assistance for the development of North China is made in the form of a loan or Sino-Japanese industry, it is of importance that the Japanese abandon all methods which have created the actual situation in North China because a rapprochement will not be lasting unless one scrupulously respects the principles of equality and mutual benefit. All consideration of this problem will come to naught if one relies on force or political influence. There are many clear-sighted Japanese bankers and industrialists taking part in this meeting and we hope they will act on these principles in order to render this rapprochement more stable and more solid. Let our delegates do their best in the defence of the interests of the country.

Since this rapprochement has become an inevitable fact, let us hope that it will be of mutual benefit and no more errors will occur.

Min Pao publishes the following comments:-

THE ENFORCEMENT OF THE NEW PUBLICATION LAW

The Publication Law promulgated in the 19th Year of the Chinese Republic has been strictly observed by publishers throughout the country. Recently the Central Government deemed a revision of this law to be necessary and instructed the Legislative Yuan to undertake the work. On July 15, the Legislative Yuan passed the revised law which now contains 49 Articles, five more than the old law.

The following are the important points in the amended law:

REG. 64980

A Message For Overseas Chinese

Action Of Geneva Colony Calling For Anti-Japanese Attitude Answered

24 7 135

(Editor's Note—The following will appear in the July issue of The People's Tribune and is printed here by special permission of that magazine).

Long before the Revolution, and ever since the establishment of the Republic, the Chinese communities overseas have shown not only a keen patriotic interest in the progress of events in this country, but have given practical proof of that concern by contributing most liberally to the cause they had at heart. It seems, however, that in some cases there is a lack of appreciation abroad as to the actual state of affairs now existing in this country—a failure to appreciate the full extent of the difficulties the National Government has to face, and an impatience with what seems to be regarded as a weak-kneed attitude, but which is actually the wisest if not the most spectacular policy to adopt in the prevailing circumstances.

Some weeks ago a group described as the "Chinese Colony in Geneva for National Safety" sent out an appeal to overseas Chinese which calls for comment. According to a Reuter message from Geneva, dated June 18, Chinese citizens there are "endeavouring to organize a world-wide movement of Overseas Chinese to give joint support to these recommendations (resistance to Japan's demands and an appeal to the League under Article XVII), and to encourage the Chinese Government to a more aggressive attitude than during the Manchukuo trouble." This is something in the way of offering counsel of perfection. We suspect that the National Government would not need any urging to take up "a more aggressive attitude" if such a step were within the range of practical policy, but our friends overseas must know very well that such an attitude is, in the present circumstances quite impossible. True, China if she wished could declare war on Japan—which would be an act sufficiently aggressive to satisfy even the most bloodthirsty of the Geneva group—out what advantage would result from such a step? Is China ready to wage war on a big scale? Has she the men and machinery with which to carry on hostilities? The mere declaring of war is quite a simple matter—a sheet of paper and a writing-brush provide everything necessary, and it is not even essential for China to make any formal written declaration of her hostile intent. She can do as Japan did in 1931 at Mukden—strike without previous warning and continue hostilities until—yes, until what?

To sit safely in Geneva and urge somebody in Nanking or Peiping to show a "more aggressive attitude" is not a difficult thing to do. For nearly four years advice of that sort has been generously and gratuitously given out from Hongkong—a spot much nearer the potential firing-line than Geneva, but a very safe place all the same from which to broadcast advice to those in actual or imminent contact with the party towards whom China is urged to be "more aggressive." Such advice coming from critics of the National Government has been studiously ignored, and will continue to be ignored so long as those in charge of China's affairs are men able to take a level-headed view of the facts. They know the country's limitations, and they know the existing strength and resources of the nation they have to deal with. They know, too, how disastrous to China it would be for her to take a "more aggressive" attitude, and not only deliberately provoke retaliatory action which would be overwhelming, but at the same time lose the moral sympathy abroad which China now commands. Let the responsibility for taking aggressive action rest on other shoulders than Chinese. Whatever others may do, let China remain faithful to her solemn international pledges not to resort to war. For China to take up a "more aggressive attitude" would be to play right into Japan's hands—to give the military faction the very excuse they need for further action, and to forfeit the respect which has been expressed by sober-minded people throughout the world for China's dignifi-

ed attitude during these years of bitter suffering and humiliation.

Nothing is to be gained by ignoring plain facts. Merely shutting one's eyes and refusing to see what is painfully obvious does not alter the circumstances. China has shown a higher standard of courage in restraining her righteous indignation than she would by recklessly rushing into a struggle which could have but one end, for there are none to help her and none to intervene. China has to make the best of a bad situation, and to adopt a "more aggressive attitude" would simply make matters worse, for the bluff would be not only promptly but eagerly called. That this is a humiliating position for a great nation to be in we do not dispute, but even more humiliating would it be to make a show of "aggression" which could not be effectively sustained, and would be speedily crushed under the devastating weight of the powerful war-machine expressly designed and built in readiness for that very purpose.

We fully appreciate the fact that Chinese overseas must feel sadly depressed and disheartened by the recent course of events on the mainland of Asia, and that they are anxious to do everything possible to assist their countrymen who are faced with a problem which may seemingly defy solution. Let them by all means give support and encouragement to the National Government in every possible way—other than by urging the adoption of "a more aggressive policy." There are many ways in which overseas Chinese can help their country and encourage those who have the direction of its affairs in their hands. Let those who can invest their money in various productive enterprises in China, agricultural and industrial. Let those who are able do what they can to encourage the use of Chinese goods abroad. Let those who have the ability take every opportunity of speaking and writing the truth about Young China, watching the local Press for mistakes and misrepresentations in describing conditions and trends in this country, and taking prompt steps to correct the errors. These are but a few of the things which Chinese overseas could do for their country, and would be of infinitely greater service to China than the drawing-up of portentously-worded manifestoes urging the National Government to adopt a "more aggressive attitude."

Let the Chinese overseas themselves be "more aggressive" in standing up for their local rights, in showing the communities among whom they live that they are peace-loving but progressive people, inheritors of an ancient culture not only to be proud of, but which is still vigorous and flourishing. Let them leave nothing undone which is in their power to do which will make the name of China respected abroad, and let them do nothing which will bring disrepute or contempt upon their country and its people. Oversea Chinese made it possible for the Revolution to come when it did; their sympathy and practical assistance it was which encouraged Sun Yat-sen and those associated with him to make a start on the gigantic task of making China a great nation. Their sympathy and support is needed for the completion of that work; their continued and active interest in the affairs of the Republic is welcomed and appreciated, but we suggest that in regard to the framing of national policy overseas Chinese will serve their country best by having the men on the spot to do what they think is most advisable. The present Government has had to face overwhelming difficulties and struggle against crippling disasters, but it has succeeded in accomplishing an amazing amount of good solid work in the direction of national reconstruction. That work must go on, for there is very much more to be done, but to take up "a more aggressive attitude" would be to stop all further progress with political, social and economic reconstruction, and lead to the undoing of all that has been done.

See
7/14/35
11/11

11/11

In a re-

Thanks
Inf. passed on
reprinted

To-day's Chinese
contains a report to the effect that

General Bah Tsung Hyien
of Kwangsi has sent a
telegram to Nanking
pledging his support to
the Central Government.

AB
22 JUNE 1935

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE

S. B. REGISTRY.

6701

Special Branch - Shanghai,

REPORT

Date - June 20, 1935

Subject (in full) Northern situation and the Canton Government.

Made by _____ and _____ Forwarded by Cupt. Tan Shao-liang

According to reports from ^a ~~an~~ ^{fully reliable} authentic source, the Canton Government under General Chen Chi Tang has telegraphed to Mr. Wang Ching Wei, the President of the Executive Yuan, who is concurrently Minister of Foreign Affairs of the Nanking Government, demanding that the Government publish the Japanese demands as well as the reply given by the Nanking Government to these demands.

The threatening attitude of the Southern leaders has greatly embarrassed the Nanking Authorities and several conferences have been held by them. It was pointed out by those in close touch with the Southern leaders that the latter can be pacified if Nanking would offer huge sums of money to cover their military expenditure. This explains the visit of Mr. Wang Ching Wei to Shanghai on June 17 and his hurried return to Nanking after a conference with Messrs. H.H.Kung, T.V.Scang and several prominent bankers.

That the threats of the South are not taken seriously is evidenced by the reports of General Ho Chien, the Governor of Hunan, that the Cantonese troops on the border of Kwantung and Hunan have not made any advance northwards.

The unsettled situation in the North and at Canton have caused a big drop in Government debenture bonds on the stock exchange.

Tan Shao-liang

Superintendent

D. C. (Special Branch)

File off

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SHANGHAI MUNICIPAL

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY
POLICE D. 10
Date of Issue: 1935
Special Branch: 10
ANALYSIS B'S
Date of Receipt: 1935

SECRET REPORT

Subject: Political situation created by Japanese demands.

Made by: _____ and _____ Forwarded by: Supt. Tan Shao-liang.

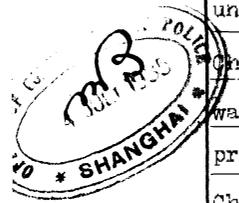
X
Retained in
copy for G. G.
M.S.

According to information received from an authentic source (through Mr. Tseng Yung, Secretary to T. V. Soong), Mr. Waung Ching Wei, the President of the Executive Yuan, came to Shanghai ostensibly for rest on account of ill health but in reality he has become indifferent in consequence of criticism directed against him by various parties on the pretext that he is pro-Japanese.

Mr. Waung last visited Shanghai on June 17. At that time he convened a meeting in the ~~house~~ of Mr. Tseng Chung Ming, Vice Minister of Railways, at No. 8 Route Francis Garnier to discuss the situation created by the Japanese demands. This meeting was attended by Dr. H.H.Kung, T. V. Soong, Tseng Chung Ming and other important officials of the Nanking Government. Mr. T. V. Soong is said to have spoken in favour of an immediate declaration of war on Japan. He pleaded that the interference of that country with appointments in the Government Service and in other unreasonable and aggressive ways was rapidly sapping away Chinese independence. Dr. H.H.Kung inquired how such a war could be financed, and T. V. Soong replied he had been promised help by several foreign countries. Mr. Waung Ching Wei stated that China is not prepared either in a military or economic sense for such a war. This would be the case if the country were united, and the position is hopeless when consideration is given to internal dissension, and the indefinite attitude of the South and the power exercised by the "Reds". The meeting broke up without any decision being reached.

After returning to Nanking subsequent to this meeting

CONFIDENTIAL
DC (DW)



SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date.....19

Subject (2)

Made by Forwarded by

Mr. Waung Ching Wei received numerous communications from various parts of the country disapproving of his weakness in giving way to the Japanese. It is reported that Mr. Tang Yu Zen, the Vice Minister for Foreign Affairs, during another meeting held ^{at Hankow} with several military commanders to discuss the diplomatic matters supported the views of Waung Ching Wei as regards fighting Japan. Tang's statements on this subject aroused the anger of the militarists, and General 宋哲德 Tsu Peh Teh slapped his face. Further it is reported that Sun Chia Chih (孫家哲) delegate of General Chen Chi Tang of Canton is on his way to Szechuen to see General Chiang Kai Shek, and explain his disagreement with the policy of Mr. Waung Ching Wei.

Mr. T. V. Soong has been living in the Tidesurveyor's Flat on the top of the Custom House for the past three weeks.

Tau Kuoan?

Superintendent

D. C. (Special Branch)

Acting Commissioner of Police

Sir,

Information. Naval authorities ~~is~~ informed. Copy sent to C. S. by C. D. I. Grubb.

J. L. Swins
D. C. (Sp. Br.)

4 JULY 1935

FM. 1]

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai, 193.....

To.....

Report re meeting where

J. V. Lavy formed
with Arthur Japson

Wong Chung Wei opposed
war.

J. V. Lavy has been
living in the Indesurveyor's
Flat on the top of the
Custom House for the past
three weeks.

D-6803



PRINCIPAL
REGIS.

3203
16

Copy of Document from [unclear] [unclear] [unclear]

[unclear]

- (1) [unclear]
- (2) [unclear]
- (3) [unclear]

[unclear]

- (1) [unclear]
- (2) [unclear]
- (3) [unclear]

[unclear] according to Article 1 of the revised
 rules of the [unclear] [unclear], the above named
 accused are to be sent to the [unclear] [unclear] [unclear]
 for reforming and [unclear] Bureau of the
 Shanghai City District Court. Application of the
 said accused stating that they have been served 1/3
 of their sentence passed by this court.

[unclear] - [unclear]

Sent to Kiangsu [unclear] [unclear] [unclear]

Please pass this information to [unclear] [unclear] [unclear],
 sign this memo and return immediately to -

[unclear]
 Inspt.

Recorded.

16

22.1 95/36

File
 10/15

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

CRIME REGISTER No: — 719/36.

"D" Division.
Yulin Road Police Station.
May 8th, 1936.

Diary Number:— 6.		Nature of Offence:— Propagating Communism.	
Time at which investigation begun and concluded each day	A.M. 8-5-36.	Places visited in course of investigation each day	Second Branch Kiangsu High Court.

RECORD OF INVESTIGATION.

The 2nd accused, Ts Yau Kung (朱耀光) in the above numbered case was handed over to Kiangsu Fan Sang Yoon for reforming at 3.35 p.m. 8-5-36.

[Signature]
D. I.

D.D.O. "D".

Officer I/c Special Branch.

SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

Division
D. I.

CRIME REGISTER No:— 717/35.

Yulin Road Police Station.
April 28, 1936.

Diary Number:—	5.	Nature of Offence:—	Propagating Communism.
Time at which investigation begun and concluded each day	A.M. 27-4-36	Places visited in course of investigation each day	Second Branch. Jiangsu High Court.

RECORD OF INVESTIGATION.

The 2nd accused in the above numbered case was arraigned before the Court during the forenoon session on 27-4-36, when he was ordered to be detained in the Civil Detention House pending inspection.

Recorded

201 30/31

*file
5/17*

[Signature]

D. I.

D.D.O. "D".

D. C. (Special Branch).

F. I. R. No. 245/35
REVISED, 1931.
G. 1000, 8-15

Extract of Proceedings in S. S. D. Court for 19 F. I. R. No. Stn. No.
27.4.36. 245/35 6293-4
Reg. No. 6/97175-6 Stn. Malin Rd. Procurator 500 66 Judge

Sheet No. 6.

SECOND BRANCH ZIONIST HIGH COURT. A.M.

Mr. K. Kam appeared for the Council.

Proceedings. Nil.

Charge sheet Endorsed in Chambers.

Decision. End. accused to be detained in the Civil Detention House pending inspection. (Hand & over to Judicial Police on the 27.4.36)

Particulars recorded

R.D.

25.1.29

*file
OK 29/36*

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

S. D. D.

at

"D" Division.

CRIME REGISTER No:— 717/35.

Yulin Road Police Station.

April 26th 1936.

Diary Number:—

4

Nature of Offence:— Propagating
Communism

Time at which
investigation begun
and concluded each day

See Below

Places
visited in
course of
investigation
each day

RECORD OF INVESTIGATION.

The 2nd accused in the above numbered case having made application for handing over to the Kiangsue Fan Gang Yoen (Reformatory for Communists). He will therefore appear before the 2nd Branch of Kiangsue High Court at 9 a.m. on the 27-4-36 for inspection by the delegate of the Kuomintang.

Particulars
recorded.

Li

881 27/4/36

D. S. I

D.D.O. "D".

D. C. (Special Branch)

File
J.R.

1/2
D.P.



上海
華德路第一百四十七號
械

6803
1 36

Mr. Sung Kyung Woo
Sung Zung Chi Hardware Shop,
Broadway Road.

送

百老匯路新順記五金店
孫金湖兄收

Convict No. 2710
Ning Foo Ting age 21
Native--Ningpo
Yulin Road A-6296
Sentence 2yrs & 6 months
imprisonment for "Cir-
culating a doctrine ir-
reconciliable with the
Three Peoples' Principles
on 10-7-35.

Seen by S. S.
77

SHANGHAI MUNICIPAL POLICE
S. E. REGISTRY
No. S. B. D. 6803
1 11 35



上海
華德路第一百四十七號
械

Mr. Ts Kyi Woo,
Chung Wei Company, No. 110, Szechuen
Road.

送

中威公司
四川路壹百十號

Convict No. 2645, name
Chia Yieh Kung, age 19,
native of Soochow, Yulin
Road Station No. A-6293.
Crime:- Propagating the
doctrine irreconciliable
with the Three Peoples
Principles.
Sentenced on 10-7-35 to
two years & six months
imprisonment.

D. C. (Crime)
Information
S. S.

送



上海
華德路第一百四十七號
械

Mr. Sung Ching Woo,
Sing Zung Kee,
Broadway Bridge.

Name. Ning Foo Ting.

Native. Ningpo.

Age. 21.

Station. Yulin Road.

St. No. A6296.

Crime. Circulating a doctrine irreconcilable with the Three People's Principles.

Sentence. 2 years & 6 months.

Date of Sentence. 10-7-35.

D. L. (Crime)
Forwarded for information, please
Supt. of Goals

送



上海
華德路第一百四十七號
械

Mr. Tsu Shee Zung,
Koo Nyl Woo Clothing Shop,
Foot of Tang Fih Chiao,
South of North Gate,
Wusieh.

Name. Ts Yau Kung.

Native. Wusih.

Age. 18.

Station. Yulin Road.

St. No. A6294.

Crime. Propagating a doctrine irreconcilable with the three People's Principles.

Sentence. 1 year & 3 mths.

Date of Sentence. 10-7-35.

D. L. (Crime)
Forwarded for information, please
Supt. of Goals



上海
華德路第一百四十七號
械

Mr. Tsu Young Fee,
Toong Wei Trust Co.,
Ave. Edward VII.

送

Name. Chin Yieh Zung.

Native. Soochow.

Age. 19.

Station. Yulin Road.

St. No. A6293.

Crime. Propagating a doctrine irreconciliable with the three People's Principles.

Sentence. 2 years & 6 mths

Date of Sentence. 10-7-35

D. C. (Crime)

Forwarded for information, please

[Signature]
Sup^t of Gaols

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 6803
Date 20 7 35

July 20 35.

Dear Sarly,

I forward herewith for your information tabulated statements relating to the arrest by the S.M.P. of three communists named Chin Yih Zung, Tsu Yau Kung, and Ning Foo Ting on June 25 and June 26 respectively.

The three accused appeared on remand before the Second Branch of the Kiangsu High Court on July 10, 1935 when the first and third accused were each sentenced to 2½ years' imprisonment and the second accused to 1 year and 3 months' imprisonment.

* Photographs of the three accused are also attached.

Yours sincerely,



Monsieur R. Sarly,

French Police.

* together with lists
of charges etc. sent
in 20/7.

SHANGHAI MUNICIPAL POLICE

C.K.Y. (d)

SHANGHAI MUNICIPAL POLICE

S. B. REGISTRY

File No. D. 5803

No. S. B. D. 1

S. 2, Special Branch, ~~Section~~

REPORT

Date July 18, 1935.

Subject Case against three communists arrested in Yulin Road

District on June 25, 1935.

Made by D.I. Kuh Pao-hwa.

Forwarded by

B.D. Luant 59

Regarding the case against Chin Yieh Zung (金益仁) and Ts Yau Fung (朱耀根) who were arrested by the Municipal Police at 10 p.m. June 25, 1935, on Hochien Road near Lay Road, on a charge of being communists, and Ning Foo Ting (任富廷) who was arrested at 5.30 a.m. June 26, on information supplied by the first accused, at No. 663 Yulin Road, which was concluded on July 10 when the first and third accused were each sentenced to two years and six months while the third accused to one year and three months imprisonment, I forward herewith tabulated statements referring to these three individuals, lists of the literature seized, together with a draft of a covering letter to the French Police relating to this case.

Kuh Pao-hwa

D. I.

D. C. (Special Branch).

File.

[Signature]

6803

Yulin Road.

Chia Yieh Zung (金益仁)

Soochow, Kiangsu
Province.

19.

Male.

About 4 years.

About 3 years.

Workman.

The Dah Tung (大東) Rubber Over-
shoe Factory, No. 300 Nanchow Road.

Soochow, Kiangsu Province.

At 10 p.m. 25-6-38 on
Nanchow Road near U.
Road.

Being a communist.

Two years and six months imprisonment.

Arrested at the above mentioned
time and place by the Municipal Police for being found
in possession of a quantity of literature of a communist
and anti-Japanese nature. A search of his quarter
at No. 300 Nanchow Road resulted in the seizure of a
further quantity of communist and anti-Japanese handbills
and pamphlets.

Appeared on remand before the 2nd Branch Kiangsu
High Court on 10-7-38 when the accused was sentenced to
two years and six months imprisonment.

6803.

Tulin Road.

To Yan Kung (朱耀根)

Wush, Kiangsu
Province.

18.

Male.

About 2½ years.

About 3½ years.

Workman.

The Dah Tung (大東) Rubber Overhoe
Factory, No.300 Weichow Road.

Wush, Kiangsu Province.

At 10 p.m. 25.6.35 on
Weichow Road near Lay
Road.

Being a communist.

One year and three months imprisonment.

Arrested at the above mentioned
time and place by the Municipal Police for being found
in possession of a quantity of literature of a communist
and anti-Japanese nature. A search of his quarters
at No.300 Weichow Road resulted in the seizure of a
further quantity of communist and anti-Japanese handbills
and pamphlets.

Appeared on remand before the 2nd Branch Kiangsu
High Court on 10.7.35 when the accused was sentenced to
one year and three months imprisonment.

6803.

Yulin Road.

Ts Yen Kung (朱耀根)

Wush, Kiangsu
Province.

18.

Male.

About 2½ years.

About 2½ years.

Workman.

The Dah Tung (大東) Rubber Overshoe
Factory, No.300 Weichow Road.

Wush, Kiangsu Province.

At 10 p.m. 28.6.35 on
Weichow Road near Lay
Road.

Being a communist.

One year and three months imprisonment.

Arrested at the above mentioned
time and place by the Municipal Police for being found
in possession of a quantity of literature of a communist
and anti-Japanese nature. A search of his quarters
at No.300 Weichow Road resulted in the seizure of a
further quantity of communist and anti-Japanese handbills
and pamphlets.

Appeared on remand before the 2nd Branch Kiangsu
High Court on 10.7.35 when the accused was sentenced to
one year and three months imprisonment.

6803.

Tulin Road.

Ming Foo Ting (任福廷)

Ningpo, Chekiang
Province.

21.

Male.

About 6 years.

About 3 years.

Accountant.

The General Alloy & Die Casting Works,
No. 683 Tulin Road.

Ningpo, Chekiang Province.

At 5.30 a.m. 26.6.35
at No. 683 Tulin Road.

Being a communist.

Two years and six months imprisonment.

Arrested at the above mentioned
time and place by the Municipal Police on information
supplied by prisoner Chin Yieh Zung (金宜仁) who was
apprehended at 10 p.m. 25-6-35 on Hochiam Road near Lay
Road. A search of his home at No. 21 Loong Maing Li
(隆兴里), Pingliang Road, resulted in the seizure of
a large quantity of communist literature.

Appeared on remand before the 2nd Branch Kiangsu
High Court on 10.7.35 when the accused was sentenced to
two years and six months imprisonment.

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL
S. B. REC.
6803
Date: July 7 1935

CRIME DIARY.

CRIME REGISTER No:— 717/35.

Division.
Yulin Road Police Station.
July 1 1935.

Diary Number:— 3 final, Nature of Offence:— Propagating Communism.

Time at which investigation begun and concluded each day	11 a.m. 1 - 35.	Places visited in course of investigation each day	S. S. D. Court.
--	-----------------	--	-----------------

RECORD OF INVESTIGATION.

Further to Crime Register No. 717/35.

The accused appeared before the Court on the morning of the 1-7-35, when the following sentences were handed down:-

- (1) 2 Years 6 months imprisonment.
- (2) 1 Year 3 months imprisonment.
- (3) 2 Years 6 months imprisonment.

VII
52. Please let me know what is happening about the recommendations?
J.P.S.

D.C. (S.B.)
VIII
Sir, Recommendations forwarded by Insp. i/c Yulin Rd Station on 17/7/35. *17/7/35*

DEPUTY COMMISSIONER
DEPT. OF POLICE
SHANGHAI
10.15.1935
See Report

J. King
S.D. i/c

VIV
File
MK
1935
D.S. 12.

D.C. Special Branch.

II
I respectfully suggest that the two B.P.C.s (1098 and 2937) responsible for the arrest of accused be recommended for a reward.

III
D.C. (Crime)
I wish to endorse S.D. Everett's suggestion.
J.P.S.

D.C. Kuo
Recd letter to Fred Poling please
12/7/35

IV

Robert S. ...

Extract of Proceedings in S. S. D. Court for 1935 F. I. R. No. 19 Stn. No. 10080-4

Reg. No. 10080-0 Stn. 10080-0 Procurator TONG Judge *Chen, Lau, ...*

Sheet No. 3.

High Court of Appeal.

Mr. ... appeared for the ... Council.

J. D. ...

Reasons.

One.

1st & 2nd - ... with the three ... of China.

3rd - ... with the three ... of the Republic of China.

Com mitted ... literature ...

July 10, 1935.

Communist Propaganda - Prosecutions

The case against the three communist suspects arrested by the Municipal Police in the Yulin Road District on June 25 (vide I.R. 27-6-35), was concluded in the Second Branch Kiangsu High Court on July 10. * The first and second accused were each sentenced to two years and six months and the third accused to one year and three months imprisonment.

*
1st accused: 2 years and 6 months }
 imprisonment. }
2nd accused: 1 year and 3 months } (vide Crime Register
 imprisonment. } No.717/35. Yulin
3rd accused: 2 years and 6 months } Road.)
 imprisonment. }

Extract of Proceedings in S. S. D. Court for July 19, 1935. F. I. R. No. 1000, 1005 Stn. No. 1000-4

Reg. No. G/ 97335-6 Stn. Yulin Rd. Procurator Zung Judge Show & Siau, Chih.

Sheet No. A.

Charge: FIR 717

1st and 3rd accused Breach of Law Governing the punishment of persons who commit acts with intent to injure the Republic of China...

Proceedings

Mr. Kum appeared for the S.M. Council. Mr. SE Yang Yee appointed for 1st and 2nd accused. Mr. Chiu Fung Ling appeared for 3rd accused.

Mr. Kum:- Police charged all accused under Art. 6 for Breach of Law Governing the punishment of persons who commit acts with intent to injure the Republic of China. At 10 p.m. on 25.6.35 C.P.C.'s 1098 and 2267 arrested 1st and 2nd accused on Hsiehien Rd., near Lay Road, when 1st accused handed over these pamphlets to 2nd accused and 2nd accused distributed to No. 18 Hsiehien Road. In 1st accused possession found a chalk and these pamphlets and these pamphlets were found in 2nd accused possession. In station 1st accused admitted that 3rd accused gave all these pamphlets to him. At 5.30 a.m. on 26.6.35 3rd accused was arrested at No. 665 Yulin Road and took Police to 81 Loong Sing Lee, Pingliang Road and seized these miscellaneous communist literatures. Further Police seized this trunk contains communist literatures in the 1st accused room at No. 300 Weishow Road. This is the statement of 1st accused and list of communist literatures seized from him three accused.

C.P.C. 1098:- At 10 p.m. on 25.6.35 I arrested 2nd accused on Hsiehien Road near Lay Road when he distributed a pamphlet to No. 18 Hsiehien Road.

C.P.C. 2267:- At 10. p.m. on 25-6-35 I arrested 1st accused when he handed over these pamphlets to 2nd accused.

C.L.C. 220:- In station 1st accused stated that 3rd accused gave these communist literatures to him, so 3rd accused was arrested at 5.30 a.m. on the 26.6.35. at No. 665 Yulin Road. 1st accused took us to 300 Weishow Road, Bah Togg Rubber Company and seized

Information and seizure of return

Handwritten initials

6 JULY 1935

Handwritten initials and date 6/7/35

Reg. No.

Sln.

Prosecutor

Judge

Sheet No. 4.

a trunk contains many communist books and pamphlets. Further 3rd accused took me to 21 Loong Fing Lee, Pingliang Road where we seized these communist literatures.

1st accused:- These pamphlets were seized at the time of arrest and was given by my friend Lung Fung Tsoo. I gave a part of pamphlets to 2nd accused on 25.6.35 for the purpose of distribute the same. I am not a member of communist party. The contents of the pamphlets are to stir up the mass spirit and anti-Japanese movements. Lung Fung Tsoo gave me pamphlets on two occasions, the first occasion was on 31.5.35 and 2nd was at 3 p.m. on 23.6.35. One chalk was found in my possession for the purpose of writing some slogans on the wall.

2nd accused:- I am not a member of communist party. 1st accused requested me to distribute the pamphlets and told me ^{purpose of} only for the/anti-Japanese movements. I distributed a pamphlet to No. 12 Hoshien Road on 2.6.35.

3rd accused:- I did not give any communist literatures to 1st accused. The books and pamphlets found at my home were belong to 1st accused. I am not a member of communist party. I did distribute some pamphlets on Liayang Road on 25.6.35. 1st accused paid half of my rent at 21 Loong Fing Lee, Pingliang Road.

1st accused:- Lung Fung Tsoo gave all these communist book and pamphlets to me but not the 3rd accused. I gave two communist books to 2nd accused. I paid half of 2nd accused rent at 1 Liang Fing Lee, Pingliang Road. I was told that Lung Fung Tsoo is an interpreter attached to Y'poo rd station.

G.F.C.220:- 1st accused admitted that 3rd accused gave all these books to him when he was arrested.

Summing Up.

Decision.
Loh.

Pleaings closed.
Remand to 9 a.m. on 10.7.35 for Judgment.

Sheet No. 2.

Accused S. Ning Foo Ting () Age 21. Accountant.

Charge Application for a writ of detention under 21.3 4 and 66 of C.C.P.
 Application is hereby made for the detention of the above named person who was arrested at 5.30 p.m. on 26/6/35 at No. 663 Yulin Rd as there is reasonable cause to suspect him being an active member of the Chinese Communist Party.

Proceedings

Mr. Kwa appeared for the N.A.G.
 Mr. Ju Tung Ling appeared for the accused.

Mr. Kwa :- The accused is suspected of being a member of communist party, so I ask that he be detained for enquiries. On 25/6/35 the 1st and 2nd accused were arrested on Hoehien Road for distributing pamphlets. They also implicated this accused who worked at No 663 Yulin Road. A visit was made at this address but this accused was not there. At 5.30 p.m. on 26/6/35 this accused was arrested by C.D.C.s 181 and 218 outside of No. 663 Yulin Road and a quantity of communistic handbills and a piece of charcoal was found in his possession. He then led detectives to his home at No 21 Soong Hsing Li, off Pingliang Road where a quantity of communistic and anti-japanese literature was seized. He stated that these handbills were given to him by the 1st accused.

C.D.C. 181 :- I arrested the 3rd accused outside of an Iron Works at No. 663 Yulin Road and a quantity of communistic handbills were found in his possession.

3rd accused :- The pamphlets and the piece of charcoal were found in my possession. The pamphlets were given to me by the 1st accused who asked me to distribute them. I am not a communist. The literature found in my home belongs to the 1st accused. The charcoal was used for writing Anti-Japanese slogans. I threw 20 or 30 pamphlets on Liaoyang Road on 25/6/35. This was my patriotic motive.

Decision Accused to be detained. Remand to 4/7/35 a.m. for trial.

Handwritten notes:
 Mr. Kwa
 Ju Tung Ling
 17/7/35
 7 JULY 1935
 R. G. ...
 17/7/35

D.6803

SHANGHAI MUNICIPAL POLICE
REGISTRY
No. S. B. D. 6803.
Date 11. 7. 33
July 11, 1933.

Communist Propaganda - Prosecutions

The case against the three communist suspects arrested by the Municipal Police in the Yulin Road District on June 25 (vide I.R. 27/6/33), was concluded in the Second Branch Kingsu High Court on July 10. The first and second accused were each sentenced to two years and six months and the third accused to one year and three months' imprisonment.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

D. 6802

Division

Crime Register No. 727/35.

Yulin Road Police Station.

June 29, 1935.

Diary Number 1.	(Sheet No. 1.)	Nature of Offence: Propagating Communism.
Time at which investigation begun and concluded each day	25-6-35 to 28-6-35.	Places visited in course of investigation each day. Meishow Road. Yulin Road. Pingliang Road. S.S.D. Court. Wayside Station. Yangtzeapoo Station.

RECORD OF INVESTIGATION.

Place or description of premises.	Shanghai.
Time and date of offence.	Between May and June 1935.
" " " reported.	10.20 p.m. 25-6-35.
Name, occupation and address of complainant.	S.M.P.
Number of criminals with full individual description.	Three in custody. (1) Chin Yieh Zung (程 志 仁), 19, Soochow, a/accountant, 300 Meishow Road. (2) Ts Yau Tung (朱 耀 培) 18, Wushih, a/schoolie, 300 Meishow Road. (3) King Foo Ting (程 福 庭) 21, Hingpo, a/accountant, No. 21 Loong Hsing Lee, Pingliang Road.
Arrests.	Two by C.P.C's and one by detectives.
Classification of property stolen.	Value \$
Classification of property recovered.	Value \$
In cases of Murder or Suspected Murder points (a) to (d) should be answered. (a) Time and date body was discovered. (b) Position, appearance and marks on body. (c) Apparent cause of death. (d) Motive if known.	
Full Details of Method used in Committing offence.	(E) Found in possession of communistic literature.

In cases of larceny, housebreaking etc., all the points (e) to (i) should be answered, if known. In all cases in which there is fraud, the false pretence and the character assumed by the suspect should be fully described.

- (e) Mode of entry, including manner of approach to premises.
- (f) Means used (tools etc.)
- (g) Character assumed by criminal, and story told, etc.
- (h) Mode of transport and description.
- (i) Peculiar act (poisoning dog, partaking of food etc.)

CRIME DIARY NO. 1. (SHEET NO. 2)

- (j) What staff employed on premises?
- (k) Are they all "old" servants?
- (l) If not, what was their last employment and for how long?
- (m) What was their "characters"?
- (n) If any suspicion attached to any of them and if so, which one and for what reason?
- (o) Are old servants suspected?
- (p) Are friends and visitors above suspicion if not, who is suspected?

Remarks

(Any outstanding or peculiar feature to be commented on by investigating officers).

Connected with Miss. No. 245/35. Writ of Detention.

At 10 p.m. 25-6-35, C.P.C's 1098 and 2927 saw the 1st and 2nd accused on Lay Road near Hochien Road. They noticed that the 1st accused was carrying a bundle of paper in his hand, so suspected them and watched them. They saw the 1st and 2nd accused turn into Hochien Road, where the 1st accused was seen to give a number of handbills to the 2nd accused, who threw them into a cigarette shop, situated at No. 18 Hochien Road. The two C.P.C's then ran after them and succeeded in effecting their arrest. The pamphlets thrown into the cigarette shop proved to be of an anti-Japanese and Communist nature. (Translation attached)

The 1st accused was also found to be in possession of 72 copies of pamphlets of a like nature, and a number of pieces of white chalk.

Questioned at the Station by C.D.C's 220 and 277 the 1st accused stated that pamphlets had been given to him, at 6.30 p.m. 25-6-35 at the corner of Pingliang and Lay Roads corner, by one King Foo Ling (任富榮) (3rd accused), with orders to distribute them.

Questioned re the whereabouts of King, the 1st accused stated he did not know where he lived, but was aware that this man was employed at the General Alloy and Die Casting Works, 663 Tulin Road.

A visit was paid to this place, where it was

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
Police Station.
19

Diary Number: 1/3.

Nature of Offence:—

Time at which investigation begun and concluded each day.		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

ascertained that Fing was employed there, but did not sleep on the premises. Detectives were therefore left on the premises to await his return on the morning of the 26-6-35.

A visit was then paid to the Doh Tong (大東) Rubber Factory, 300 Meishow Road, where both the 1st and 2nd accused are employed, both residing on the premises. On top of and in the drawers of a chest of drawers belonging to the 1st accused was found a number of books and pamphlets of an Anti-Japanese and Communistic nature. In a box belonging to the 2nd accused was found pamphlets and books of a like nature. (Translations attached)

The 1st and 2nd accused appeared before the Court on the 26-6-35, on a Writ of Detention, Miss. No. 245/35, when they were ordered to be detained until the 4-7-35.

At 5.30 a.m. 26-6-35 C.D.C's 181 and 218 who had been placed inside the General Alloy and Die Casting Works, 663 Yulin Road, succeeded in arresting the 3rd accused.

In his possession were found a number of pamphlets of a like nature to those seized from the 1st accused, and a piece of charcoal, presumably used for slogan writing.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
Police Station.
19

	Diary Number:— <u>2/4.</u>	Nature of Offence:—
Time at which investigation begun and concluded each day	Places visited in course of investigation each day	

RECORD OF INVESTIGATION.

Questioned as to his address, the 3rd accused led detectives to No. 21 Loong Hsing Lee, Pingliang Road, where in a ground floor back room were found a large quantity of pamphlets and books, all of an Anti-Japanese and Communistic nature. (Translations Attached).

Questioned as to the source of this literature, he stated it belonged to the 1st accused.

The 3rd accused appeared before the Court on the morning of the 27-6-35, on a Writ of Detention, when he too was ordered to be detained until the 4-7-35.

Questioned together and separately, all accused corroborate each others stories which are as follows:-

The 1st accused states that about 1 year ago he was attending Sunday classes in Social Science in the Chinese Y.M.C.A., French Concession, and there became acquainted with one Zung Pung Tahu (張本初) and afterwards became a friend of this man and often met him on the street and went to places of amusement with him. They used to discuss matters of a political nature and Zung frequently sent the 1st accused a periodical entitled the "Political Weekly." The 1st accused states he never knew where the man Zung lived, but one day he asked him where he was employed and was told that

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.

.....Police Station.

.....19

Diary Number:— **1/5.**

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

Zung was an interpreter at Yangtzeppoo Police Station. He asked Zung whether he could call and see him at the police station, but Zung forbade this, saying it was not allowed.

About 3 months ago 1st accused rang up Yangtzeppoo Station and asked to be allowed to speak to Zung, but was told that there were many Zung's in the station and that he had better call personally.

On the 31st May 1935 the 1st accused received a telephone call from Zung, telling him to meet Zung on the Chemalpo Road Jetty between 6 p.m. and 7 p.m. that day. The 1st accused kept the appointment and met Zung who handed him a bundle of pamphlets dealing with "May 9th Incident" which 1st accused distributed in the vicinity of Hochien Road.

Prior to this Zung persuaded the 1st accused to become a member of the Chinese People's Armed Defense Society, Zung telling the 1st accused that the H.Q. of the Society was in Manchuria.

On the 9th of May 1935, the 1st accused met the 3rd accused, who is an old school mate of his and he, 1st accused, eventually persuaded the 3rd accused to become a member of the People's Armed Defense Society and also gave to him a number of pamphlets given to him by Zung on the 31st May 1935. These pamphlets the

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.

.....Police Station.

.....19

	Diary Number:— 1/8.	Nature of Offence:—
Time at which investigation begun and concluded each day		Places visited in course of investigation each day

RECORD OF INVESTIGATION.

3rd accused distributed in various parts of the Settlement.

At his place of employment the 1st accused became acquainted with the 2nd accused, and gave this man literature of an anti-Japanese and Communistic nature to read with a view to later persuading him to join the Chinese People's Armed Defence Society.

On the 14th May 1935, the 1st and 3rd accused jointly engaged a room at No. 21 Loong Hsing Lee, Pingliang Road, where all the books and pamphlets given to the 1st accused by Zung were kept.

The 1st accused did not reside there, but the 3rd accused was a permanent resident and slept there.

On the 18-6-35, the 1st accused received a telephone call from Zung, telling him to meet him on Chensulpo Road Jetty that evening at about 6 p.m.

The 1st accused did so and received a large number of pamphlets and books from Zung, which he took to No. 21 Loong Hsing Lee, Pingliang Road.

On the night of the 25-6-35, the 1st accused took a number of these pamphlets and succeeded in persuading the 2nd accused to assist him to distribute them.

Whilst they were distributing them they were arrested as aforementioned.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
.....Police Station.
.....19

Diary Number:— **1/7.**

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

All accused deny being members of the Communist Party, but cannot explain away the Communist literature found in their possession.

The D.C. "D" Division was informed regarding the statement of the 1st accused to the effect that Zung was supposed to be an interpreter in Yangtzepoo Station, and on the morning of the 29-6-35 an identification parade was held there, but the 1st accused could not identify any of those present, and it is fairly evident that Zung had lied when he stated he was employed in Yangtzepoo Station, it being very unlikely that he would ever let the 1st accused know where he could be located.

All accused will again appear before the Court on the 4-7-35, charged with propagating Communism.

S. D. *JK* 30
1/8.6

J. L. Linnelle
D.S. 12.

D. D. O. "D".

D.C. Special Branch.

Supplementary Kying Yih Zung (李益仁).

D.S. Jones

Yulin Rd-Stn.

June 28, 1936.

Clerk Z.O.Zung.

The man who gave me the handbills which the Police seized is named Zung Pung Tshu (李彭舒). I do not know where he lives but he told me that was employed as an interpreter at Yangtasepoo Police Station. I never visited him at the Station, but I telephoned to him once. This was about 3 months ago. The man who answered this phone told me to come in person as there were many Chinese of the name of Zung in the Station. I did not go to the Station. When I saw Zung the following ^{day} he told me never to come to the Station as it was not convenient.

I first met Zung Pung Tshu last summer at the Y.M.C.A. in the French Concession. We were both attending the same Sunday classes in Social Science. The classes ceased in August of last year. In December I met Zung on the street. He took me to a cinema and afterwards began to talk of the anti-Japanese National Salvation Movement. After this he met me from time to time in the street and gave me copies of the "Political Weekly." He eventually persuaded me to join the Chinese People's Armed Self Defense Society. Zung said that the head office of this society was in Manchuria. He did not tell me whether there were any local offices. Zung first gave me some pamphlets to distribute on May 31. These were about the May 9th Anniversary. On the instructions of Zung I distributed about 50 of these pamphlets at 7 p.m. the same day on Hochien Road.

At 6 p.m. on June 25 I met Zung by appointment outside the Wei Toeng Cotton Mill. He gave me two or three hundred

pamphlets dealing with the situation in North China and told me to distribute them in the vicinity of Yangtzepoo Station. He told me that nothing would happen to me. I then went to No. 21 Loong Hsing Li and left about 50 copies in the room I share with Ning Fu Ding. After this I went to the factory where I work and there met Ts Yau Keng(). I persuaded him to accompany me for a walk. We reached Hochien Road and were both distributing the pamphlets when the Police came and arrested us.

When I left Chung on June 25 we arranged to meet again on the Lay Road Jetty the following day.

Kying Yih Zung.

PH 2
6 1000.1.35

SHANGHAI MUNICIPAL POLICE
REGISTRY
File No. D. 1-35
Special Branch S.2. Division
Date June 28, 1935

SHANGHAI MUNICIPAL POLICE

REPORT

Subject Further statement taken by from Chin Yieh Zung.

Made by D.S. Jones

Forwarded by *R.B. Jones, 99*

During the afternoon of June 28 D.S. Jones accompanied by Loh Wei Kong of S.1 proceeded to Yulin Road Station and there interrogated the 1st accused Chin Yieh Zung (查德仁) and the 3rd accused Ning Fu Ding (任富廷) regarding their connections with the Chinese Communist Party. The two men persisted in their denials that they are in any way connected with the Party and maintain that they are only interested in the anti-Japanese movement.

The man Ching (金) who is implicated by Ning Fu Ding is none other than Chin Yieh Zung, the 1st accused. Ning Fu Ding and Chin Yieh Zung were identified at Yulin Road Station today by Sung Wong Sz (沈王佐) 2nd tenant of No. 21 Loong Hsing Li, Pingliang Road as the men who engaged a room at this address on May 14th last.

It will be seen that in the attached statement Chin Yieh Zung implicates a man named Zung Pung Tshu, whom he alleges is an interpreter employed at Yangtszepoo Police Station.

This matter was explained to Mr Yorke, Asst. Commissioner, who communicated with the Inspector i/c Yangtszepoo Station on the subject. Mr Yorke later informed D.S. L. Coyne over the telephone that it would be necessary to take a statement from the prisoner and have it brought to his office at 9.30 a.m. the next day, when he would take the necessary steps to clear up this aspect of the case. The statement was taken this evening by D.S. Jones assisted by Clerk Zung of S.2.

It should be mentioned that the Asst. Commissioner (Chinese) has no records of any clerks or interpreters employed at Yangtszepoo Station the characters of whose names resemble in every particular those of Zung Pung Tshu.

S2, Please obtain a detailed description of Zung Pung Tshu

*J.H.G.
29 JUNE 1935
D.S. 26
D.S. Jones
R.B.J.
29/6/35*

R.B. Jones

D.C. Special Branch

D.S

Supplementary Kyung Yih Zung()

D.S. Jones

Taini Ri-Sta.

June 24, 1936

Clark K.-C. Zung

The man who gave me the handbills which the Police seized is named Zung Fung Tehn(). I do not know where he lives but he told me that was employed as an interpreter at Yangtsepoo Police Station. I never visited him at the Station, but I telephoned to his office. This was about 3 months ago. The man who answered this phone told me to come in person as there were many Chinese of the name of Zung in the Station. I did not go to the Station. When I saw Zung the following ^{day} he told me never to come to the Station as it was not convenient.

I first met Zung Fung Tehn last summer at the Y.M.C.A. in the French Concession. He was both attending the same Sunday classes in Social Science. The classes ceased in August of last year. In December I met Zung on the street. He took me to a cinema and afterwards began to talk of the anti-Japanese National Salvation Movement. After this he met me from time to time in the street and gave me copies of the "Political Weekly." He eventually persuaded me to join the Chinese People's Armed Self Defense Society. Zung said that the head office of this society was in Manchuria. He did not tell me whether there were any local offices. Zung first gave me some pamphlets to distribute on May 31. These were about the May 31st Anniversary. On the instructions of Zung I distributed about 80 of these pamphlets at 7 p.m. the same day on Hochien Road.

At 8 p.m. on June 25 I met Zung by appointment outside the Wei Young Cotton Mill. He gave me two or three hundred

pamphlets dealing with the situation in North China and told me to distribute them in the vicinity of Yangtszepoo Station. He told me that nothing would happen to me. I then went to No. 21 Loong Hsing Li and left about 50 copies in the room I share with Ning Fu Ding. After this I went to the factory where I work and there met Ts Yan Keng (朱彦庚). I persuaded him to accompany me for a walk. We reached Hochien Road and were both distributing the pamphlets when the Police came and arrested us.

When I left Kung on June 25 we arranged to meet again on the Lay Road Jetty the following day.

Kyng Yih Kung.

PRINTED IN HONG KONG

5 copies.

Extract of Proceedings in S. S. D. Court for 26/8/35.19 F. I. R. No. 245/35. Sta. No. 18293-4.
Sec 66

Reg. No. G/97135-6 Str. Yulin Rd. Procurator Zang Judge Yeoh

Accused 1. Chin Yieh Zung () Age 19. Accountant.
2. Te You Kung () " 18. Coolie.

Charge Appl. for a writ of detention under Art. 42 & 63 of S.O.P. application is hereby made for the detention of the above named persons who were arrested at 10 p.m. on 25/8/35 on Hoehien "Sner" lay "d as there is reasonable cause to suspect them of being active members of the Chinese Communist Party.

Proceedings Mr. Kung appeared for the D.M.C.

Mr. Kung :- Both the accused were suspected of being communists. so I ask they be detained for enquiries. At 10 p.m. on 25/8/35 C.I. Co. 1098 and 2987 saw the 1st accused give quantity of pamphlets to the 2nd accused who threw them in cigarette shop on Hoehien Road. As the 1st accused stated, that one named Hing Foo Ling gave him the pamphlets. He led detectives to No. 663 Yulin Road where Hing could not be arrested. He further led detectives to No. 300 Keichow Road where they seized number of books and pamphlets of a communistic nature on the top of chest of drawers, which belong to the 1st accused. Also communistic pamphlets were found in a suitcase which also belong to the 2nd accused. The books and pamphlets were sent to the Political Department for enquiry.

2nd accused :- The 1st accused gave me three pamphlets. I threw them into cigarette shop. The check and other pamphlets were found in the 1st accused's possession.

1st accused :- One named Zang Pen Tsoo gave me the pamphlets, but not Hing Foo Ling. I implicated Hing by saying he worked at No. 663 Yulin Road. I was a member of Sz Sz Society. The leader of the Society was Li Doo and Moh Tsoi San. I joined the Society in November 1934. Zang asked me to write the slogans, the nature was anti-Japanese.

2nd accused :- The 1st accused asked me to throw them into the cigarette shop and he also gave me the books to read.

Decision :- Both accused to be detained.

FM 40.00 135

SHANGHAI MUNICIPAL POLICE
File No. 6102
S. 2. 15-10-35

SHANGHAI MUNICIPAL POLICE

Special Branch S. 2.

REPORT

Date June 27, 1935

Subject Case against three Chinese Communist suspects arrested in the
Yulin Road District by the S.M.P.

Made by D.S. Jones Forwarded by *B. B. Everett, D.S.*

The literature seized at No. 21 Loong Hsing Li (隆兴里) Pingliang Road, the home of Ning Foo Ding (任富定) (3rd accused) and that seized at the Tah Tong (大通) Rubber Factory, No. 300 Maichow Road, the place where the 1st accused Chin Wieh Zung (金益仁) and the 2nd accused Ts Yau Kung (朱耀根) both reside and work has now been examined and listed by the staff of S. 2 - copies of lists attached.

* S. 2. 6032

In addition to the usual communistic matter the literature seized includes various pamphlets and periodicals of a communistic nature published by an organisation styling itself the "Armed Self Defence Committee of the Chinese People." The pamphlets which the 1st and 2nd accused were disseminating at the time of their arrest on Hochien Road also emanate from this so-called Armed Self-Defence Committee. The subject matter of the pamphlets is of a patriotic nature ~~in~~ in so far as the appeal to the masses to oppose the occupation of North China by Japanese Imperialists is concerned, but the exhortation to declare a general strike, and to support the "anti-Japanese Vanguard of the Red Army" clearly shows that the anti-Japanese movement is only a cloak to veil the subversive intent of the authors of this reactionary literature.

The 3rd accused Ning Foo Ding appears to be the most important of the three men arrested. It was at his residence where most of the communistic literature was found. Chin Yieh Zung, the 1st accused, states that it was Ning Fu Ding who induced him to join the Chinese Peoples' Armed Self-Defence Committee.

Ning Fu Ding will be further interrogated by D.S. Jones regarding the person named Ching (金), who visited him from

FM 2
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SHANGHAI MUNICIPAL POLICE.

File No.....

Station,

REPORT

Date.....19

Subject.....

Made by.....

Forwarded by.....
(2)

time to time at his home. It is pretty evident that the two worked together in close collaboration, and it is possible that Ning Fu Ding received his instructions from the man named Ching.

Two copies of report and lists of signatures sent to station commander

B. Jones

Deputy Commissioner,

D.S.

Special Branch.

S2

Please act as follows:

held by S-2

attached

held by S-2

not a copy attached at present

one ok

- Put half a dozen copies of different issues of the "Political Weekly" on the file relating to the "Armed Self Defence Committee of the Irish People"
- a translation of the booklet, or at least the principal parts of it, entitled "General Principles of Anti Japanese War" and retain a few copies of the handbill.
- Keep a couple of copies of Revolutionary pictorial News and attach typewritten notes explaining significance of cartoon.
- Translate important articles in Red Flag. Does this publication now appear regularly.
- Keep a few copies of summary marked "A" and translate important points.

J.H. 29 JUNE 1935

Summarized translation of Exhibit No. 26
seized at 21, Loong Hsing Li, Pingliang
Road, on June 26, 1935.

Booklet entitled "General Principles of
War against Japan."

Mobilization of the naval, land and air forces
throughout the country for war against Japan -
its possibilities.

From a political point of view.

(1) Since the incident of September 18, the Japanese imperialists have been continuously invading China, while the British, American, French, Italian and German imperialists, inspired by the aggressive policies of Japan, have been pushing forward feverishly a movement to partition China. Due to the efforts on the part of these imperialists, China's industry has become bankrupt and her rural economics have been upset with the result that all the Chinese people are now suffering from unemployment, bankruptcy, war, famine and starvation, etc.

At present, the Japanese imperialists are accelerating their military operations against China and have already started an attack upon Charhar. China's crisis is further aggravated by the feverish endeavours of the International imperialists to have China partitioned.

The crisis of China is more deeply felt by the soldiers of the naval, land and air forces throughout the country because they are in the front line of national defence. They are exceedingly indignant over the Japanese invasions and there is being fomented among them an extensive anti-Japanese war.

(2) The Chinese soldiers, who have participated during the past years in civil wars, especially in the war against the Red armies, are well aware that the Anti-Red Campaign will not minimize the crisis of the Chinese nation but will assist indirectly the Japanese and other imperialists in their invasions upon China. They are sure that the territorial integrity and independence

*Req. Please
file. Copies
sent to usual
authorities.*

JH
23 JULY 1935

of China can be safeguarded)
(only by stopping all civil wars, uniting the whole nation, and starting an anti-Japanese and national revolutionary war.

(3) For the faithful enforcement of the non-resistance policy and for satisfying the wish of the Japanese imperialists to suppress all anti-Japanese movements, the Kuomintang, which is ruling China and which represents the interests of the Japanese and other imperialists, forbids the anti-Japanese movements of the soldiers and sends them to be killed in civil wars. Large numbers of those who have failed to observe this order, have been shot or buried alive. However, the high-handed measures of the Kuomintang will only force the Chinese soldiers to participate in anti-Japanese and national revolutionary war.

(4) The renewed attacks upon China by the Japanese imperialists, the civil war, flood, drought, and famine which ^{have} lasted for years, and industrial bankruptcy, have created thousands and thousands of unemployed workers, penniless farmers and refugees. The majority of them, who cherish strong anti-Japanese feelings and an eager desire for national emancipation, have joined either bandits or government troops since they are unable to find any other means of making a livelihood. Consequently the elements ~~in~~ of which the Chinese troops are composed, have undergone an evident transformation as they now consist chiefly of unemployed workers and ex-farm labourers with the result that the anti-Japanese feelings of Chinese troops are becoming increasingly strong. Even low grade officers and a number of senior officers can no longer endure the oppression of the government and are in favour of a war against Japan.

For the above reasons, it is definitely possible to mobilize the naval, land and air forces throughout the country for an anti-Japanese and national revolutionary war.

From a historical point of view.

(1) During 1925-1927, the troops of the National Government of Kwantung won great victories in the Anti-Northern Expedition. They not only defeated the troops of the running dogs of Japanese and British imperialists such ^{as} Wu Pei Fu, Chang Chung Chang and Sun Chuan Fang, etc., but they also effected the restoration to China of the British settlements in Hankow and Kiukiang. This shows that Chinese troops are competent to fight our imperialist enemies.

(2) In the incident of September 18, the militarist traitor, Chang Hsueh Liang, withdrew his huge army to areas within the Great Wall. The ordinary civilians in Manchuria, however, endeavoured to defend themselves by organizing anti-Japanese volunteers and national salvation armies. These forces, armed with weapons of the primitive age, are still carrying on desperate struggles against the well equipped Japanese forces and have inflicted serious setbacks upon them. For three years these civilian forces have been fighting the Japanese and their strength keeps growing.

(3) In the incident of January 28, 1932, the 19th Route Army, which consisted of only two divisions and was equipped with firearms of an ancient type, effectively resisted the attacks launched from air, land, and warships by more than a hundred thousand Japanese troops, well trained and with up-to-date equipment. This shows that Chinese civilians and troops can be brave fighters in a war against Japan.

(4) During 1933, when the Japanese imperialists attacked Yuiquan and occupied Jehol, the Chinese troops in North China put up a stubborn resistance. For about two or three months, in the severe cold weather, with torn and rotten clothing and almost empty-handed owing to lack of military supplies from the government, the northern troops were able to stand the terrific bombardments of the Japanese air and land forces.

Following the conclusion of the Tanku Pact, the anti-Japanese soldiers in Charhar united and resisted Japanese invasions on their own initiative, and finally succeeded in restoring Toron, Kuyuen, and other places in Eastern Charhar.

(5) On August 1, 1934, when this Committee published manifestoes and general principles relating to war against Japan, the Red armies in Kiangsi and Fokien, under the directorship of the Provisional Central Government of the Soviet Republic of China and the Revolutionary Military Council, took an oath to fight the Japanese and to safeguard the territorial integrity of China. A vanguard, composed of men chosen from the Red armies in Kiangsi and Fokien, was immediately dispatched to the North to fight the Japanese. This force has now reached Southern Anhwei where it is fighting its way northward against the anti-Red forces.

(6) During January of this year, 1935, when the Japanese forces attacked Eastern Charhar, the 29th Army and the volunteers stationed there, regardless of the orders of the Nanking government to retreat, bravely resisted the Japanese forces who attacked with airplanes, artillery, tanks and gas. They held their positions firmly under difficult circumstances and captured large quantities of military supplies from the Japanese.

All the above mentioned historical facts show us that to mobilize all the Chinese naval, land and air forces to carry out a war against Japan is definitely possible.

Ways and means to mobilize the various Chinese forces.

(1) The North Eastern Army which has participated in anti-Japanese fighting.

The soldiers of the North Eastern Army are mostly natives of Manchuria. Their homes have been, and are being trampled on by the Japanese imperialists and they are greatly indignant over the continuous attack upon China by the Japanese imperialists. To excite their anti-Japanese feelings, we should take advantage of every possible opportunity to discuss the following subjects with them:-

- a) Present and past conditions in their native places.
- b) The Sept. 18 incident and the war at Yuikiwan and in Jehol, and the non-resistance policy of the government.
- c) The renewed attacks by Japanese imperialists; the Eastern Chahar incident; the crisis in North China.
- d) The open treachery of the government and its pro-Japanese activities; the dispatch of the North-Eastern Army to Honan, Hupeh, and Anhwei to fight the Red armies.
- e) Their personal sufferings, and the significance of the manifestoes and the general principles of this Committee.

We can then persuade them to (1) organize branches of this committee or cells of the Anti-Civil War League or other anti-Japanese bodies, (2) return to North China on their own initiative to carry out anti-Japanese fighting or (3) demand their military leaders to send them back to North China.

As regards those troops of the North Eastern Army who are still stationed in North China, they

should be urged to oppose transfer to the south but to participate in the anti-Japanese and national salvation movement.

(2) Other troops in North China. The troops in North China are practically under the very nose of Japanese guns and are liable to be attacked at any and every moment. We should warn them of the danger and raise their anti-Japanese feelings by keeping them informed of all news relating to the Japanese intrigues in North China and also of the principles of this Committee. We should persuade them to organize branches of this committee and prepare themselves for revolt.

As regards their senior officers, we should explain to them the present situation in China, the ways and means to save the nation, the demands of the people for a war against Japan, and other matters regarding their personal welfare. They will thus be persuaded to sign an agreement to cooperate with us in the coming war against Japan.

(3) Troops engaged in Anti-Red Campaign.

The troops engaged in the Anti-Red Campaign are the main forces of China. They have been forced by the imperialists and their agents to engage in internecine war which indirectly assists the Japanese invasions. Being affected by the political significance of the Red armies who are winning great victories, they have now become awakened and are opposing civil wars. We should point out to them the present crisis of the Chinese nation and inform them about the dispatch of Red armies to fight the Japanese imperialists in the North. Thus they would cease their attacks upon Red armies and cooperate with us in anti-Japanese movements.

(4) Various volunteer armies. Propagate among them the principles of anti-Japanese war, extend their anti-Japanese guerilla warfare, and organize among them branches of cells of this committee.

(5) Troops of "Manchukuo." These troops are composed partly of unemployed workers, bankrupt farmers and bandits who joined the army for the sake of making a living, and partly of persons conscripted by the Manchukuo authorities. They are treated like slaves and are always killed on the slightest suspicion of being in touch with anti-Japanese volunteers or communists. Consequently their anti-Japanese feeling is growing and they are always ready to revolt against the Japanese. We should, therefore, instigate them to revolt or at least to remain neutral towards the anti-Japanese volunteers.

(6) Various irregular troops. These troops do not have fixed bases and are always in financial stringency. As they are anxious to find a way out, they can be persuaded to participate in anti-Japanese guerilla war and to conclude military agreements with Red armies.

Mobilization of the whole nation for promoting the anti-Japanese movement.

The whole country can be divided into the following areas so as to facilitate the promotion of the movement:-

- (1) North Eastern Area including Manchuria and Jehol with Harbin as its centre.

This area is practically under the control of the Japanese imperialists. Our principal task there is to direct the people in extending the activities of the volunteer armies and in endeavouring to overthrow the rule of the Manchurian and Japanese authorities.

- (2) Northern Area including Hopei, Chahar, Suiyuan, Shensi, Shantung, Honan, Kansu, and Ninghsia, with Peiping as its centre.

This area has practically been converted into a Japanese colony and the Japanese are planning to

establish a puppet government there. Our principal task is to mobilize all the people to participate in anti-Japanese war so as to expel all Japanese from North China.

- (3) South Eastern Area including Kiangsu and Chekiang with Shanghai as its centre.

This area might be regarded as the principal base of the Japanese for invading Central and South China. At the same time this area is the centre of the self-defence movement of the Chinese people.

With the object of annexing all China, Japan is now preparing to occupy Shanghai. Our principal task in this area is to confiscate Japanese property, to disarm all the Japanese forces, to restore territories under Japanese influence such as Shanghai, Chapei and Woosung, to interrupt the communications and connections between the Japanese warships in the Yangtze River and those outside the mouth of the river.

- (4) Central China Area including Anhwei, Kiangsi, Hunan, and Hupeh with Wuhan as its centre.

Our principal task in this area is to disarm the Japanese warships, to confiscate Japanese property, restore Japanese concessions to China, and eliminate the Japanese influence in the Yangtze valley.

- (5) Southern Area including Fokien, Kwantung, Kwangsi, Yunnan, and Kweichow with Amoy as its centre.

The Japanese are making energetic efforts to seize this area, especially Fokien, which they intend to turn into a principal base for invading South China and for military operations in the coming Pacific war.

Our principal task in this area is to annihilate the Japanese fleet at Foochow and Amoy, restore to China the Japanese concessions, and concentrate all forces to defend Foochow, Amoy, and the coast.

- (6) North Western Area including Szechuen, Chinghai, Thibet, Sikong, and Sinkiang, with Chengtu as its centre.

Our principal task there is to eliminate the Japanese influence in Szechuen and Sinkiang and to work in conjunction with the Central Area in the removal of the Japanese influence from the districts along the upper and middle Yangtze.

Preparations for war against Japan.

(1) Dispatch all the naval, land and air forces, policemen, volunteers, and armed masses to the front line at various places in accordance with the tactics of war.

(2) Organize at various places armed labour and peasant picketing corps, rear-guards, traitors annihilation corps, and reserve units to preserve peace and order in the rear.

(3) Concentrate all labour for the manufacture of military supplies and the maintenance of communications and transportation; engage unemployed workers in productive industry; restore land to bankrupt farmers and refugees to enable them to raise food stuff and raw materials for manufacturing military supplies.

(4) Give military training to students, peasants, shop assistants, teachers and free traders and organize them into volunteer armies, anti-Japanese reserve units, and dare-to-die corps, to be sent to the front to reinforce the regular troops.

(5) Organize the masses into active fighting units, propaganda parties, parties to collect contributions, Red Cross parties, transportation and communication parties, parties to comfort soldiers at the front, as well as parties to disturb the enemies' rear and to spy out military intelligence.

(6) Propagate the significance of war against Japan through the medium of theatres, radio broadcasting

stations, the press, and public resorts.

(7) Turn all schools into "anti-Japanese war educational institutions." All Chinese citizens, despite their nativity, age, sex and profession, etc., can join these institutions freely to acquire the necessary knowledge relating to war against Japan. All scientists, professors, educationalists and teachers should be mobilized to participate in an anti-Japanese war.

(8) Seize the firearms imported by the Nanking Government for the purpose of arming the masses to fight the Japanese.

(9) Being unable to secure at once the necessary modern firearms, let us start uprisings with weapons of the primitive age such as knives ~~and~~ and native guns etc., with the object of seizing firearms from the troops and policemen engaged in suppressing anti-Japanese movements.

(10) Get into touch with all volunteers, bandits, Red Spear Societies, etc., and reorganize them into anti-Japanese forces.

(11) Direct and assist the peasants and refugees in their struggles, such as seizing food provisions and demanding relief, etc. and arm them in order to enable them to participate in anti-Japanese guerilla warfare.

(12) Give military and political education to all armed forces of the people so as to enable them to realize the importance of the war against Japan and to carry out effective resistance against Japanese invasions.

Financial Resources for War Against Japan

(1) Confiscate all property belonging to Japanese imperialists in China.

(2) Stop the repayment of Japanese loans.

- (3) Confiscate all property belonging to traitors.
- (4) Collect contributions within and without the country.
- (5) Enforce progressive income tax.

Preparatory Committee of the
Chinese People's Armed Self-
Defence Committee.

1.4

List of literature seized at No.21 Lhsang Hsing Li, Pingliang Road during the night of June 21, 1938.

- 1) Periodical entitled "Political Weekly", issue No.6, dated March 4, 1938 and published by the Propaganda Department of the Armed Self Defense Committee of the Chinese People. ~~100~~ 10 copies
- 2) Periodical entitled "Political Weekly", issue No.7, dated May 15, 1938, and published by the Propaganda Department of the Armed Self Defense Committee of the Chinese People. ~~30~~ 31 copies
- 3) Periodical entitled "Political Weekly", issue No.8, dated May 22, 1938, and published by the Propaganda Department of the Armed Self Defense Committee of the Chinese People. ~~40~~ 41 copies
- 4) Periodical entitled "Political Weekly", supplementary issue, dated June 17, 1938, and published by the Armed Self Defense Committee of the Chinese People. It bears on the North China Problem. ~~20~~ 21 copies
- 5) Booklet entitled "Brief Account of the May 30th Incident". It contains an account of the incident and articles on the 10th anniversary of the incident. ~~50~~ 51 copies
- 6) Pamphlet entitled "Manifesto bearing on the 3rd Anniversary of the January 28 Incident". It purports to emanate from the Preparatory Committee of the Armed Self Defense Committee of the Chinese People. ~~20~~ 21 copies
- 7) Booklet entitled "Propaganda Matter", issue No.1. ~~200~~ 201
- 8) Pamphlet entitled "Manifesto on the anniversaries of the May 7th and May 9th Incidents", dated May 7, 1938 and it purports to emanate from the Preparatory Committee of the Armed Self Defense Committee of the Chinese People. ~~10~~ 11 copies
- 9) Pamphlet entitled "Manifesto of the Preparatory Office of the Armed Self Defense Committee of the Chinese People, bearing on the 10th anniversary of the May 4 Movement." ~~150~~ 151 copies
- 10) Pamphlet entitled "Letter to people on the occasion of the May 1 Labour Day" and it purports to emanate from the Preparatory Office of the Armed Self Defense Committee of the Chinese People. ~~40~~ 41 copies
- 11) Leaflet entitled "Urgent Manifesto opposing the occupation of North China by the Japanese Imperialists," purporting to emanate from the Preparatory Office of the Armed Self Defense Committee of the Chinese People. ~~200~~ 201 copies

- 12) Pamphlet entitled "Manifesto of the Preparatory Office of the Armed Self Defense Committee of the Chinese People, bearing on the 10th anniversary of the May 30th Incident", dated May 30, 1935. 2 copies
- 13) Pamphlet entitled "General Principles of Propaganda on the 10th anniversary of the May 30th Incident. It purports to emanate from the Preparatory Office of the Armed Self Defense Committee of the Chinese People. 25 copies
- 14) Pamphlet entitled "Manifesto of the Preparatory Office of the Armed Self Defense Committee of the Chinese People, bearing on the 7th anniversary of the May 3rd Tragedy", dated May 3, 1935. 20 copies
- 15) Pamphlet entitled "General Principles for Propaganda on the occasion of the 7th Anniversary of the May 3rd Incident", purporting to emanate from the Preparatory Committee of the Armed Self Defense Committee of the Chinese People", dated April 30, 1935. 20 copies
- 16) Pamphlet entitled "General Principles of Propaganda on the 16th anniversary of the May 4th Movement Day", dated April 30, 1935, and purporting to emanate from the Propaganda Department of the Armed Self Defense Committee of the Chinese People. 20 copies
- 17) Blank investigation form. 10 sheets
- 18) Book entitled "Comment on the Present Situation in Germany". 1 copy
- 19) Book entitled "Hitler's Solution of the Unemployment Problem". 1 copy
- 20) Book entitled "Revolutionary Crisis, Fascism and Warfare". 1 copy
- 21) Book entitled "Revolutionary Struggle of the Japanese Labouring Classes". 1 copy

Found in a basket

- 22) Handbill: "Second Manifesto in connection with the coup d'etat in Fokien," purporting to emanate from the Central Committee of the Chinese Communist Party, dated 28.1.34. 80 copies
- 23) Handbill: "Manifesto of the Second Congress of Soviet representatives", purporting to emanate from the Chinese Soviet Government, dated January, 1934. 80 copies
- 24) Handbill: "Manifesto in connection with the 3rd Anniversary of the January 28 Incident (Sino-Japanese Conflict in Shanghai)", purporting to emanate from the Preparatory Office of the Chinese People's Armed Self Defence Association, dated 20.1.35. 40 copies
- 25) Handbill: "Manifesto in connection with the 7th Anniversary of the Tainan Incident", purporting to emanate from the Preparatory Office of the Chinese People's Armed Self Defence Association, dated 3.5.35. 100 copies
- 26) Booklet: "General Principles of Anti-Japanese War", purporting to emanate from the Preparatory Office of the Chinese People's Armed Self Defence Association. 15 copies
- 27) Booklet: "Propaganda Material", issue No. 1, containing a lengthy article of an anti-imperialist nature. 25 copies
- 28) Booklet: "Support the Soviet" 1 copy
- 29) Handbill: containing slogans relating to the anniversary of the Unemployment Day of Feb. 25, purporting to emanate from the Kiangsu Provincial Committee of the Chinese Communist Party, dated 19.2.34. 80 copies
- 30) Handbill: "Manifesto in connection with the Anniversary of the Unemployment Day", purporting to emanate from the Kiangsu Provincial Committee of the Chinese Communist Party, dated Feb. 19, 1934. 2 copies
- 31) Handbill: "Support the strike of the Kailan Miners", dated 29.1.34, purporting to emanate from the All China Labour Federation. 2 copies
- 32) Cartoon entitled "Revolutionary Historical News", issue No. 1, dated Jan., 1934, urging workers to join Red Labour Unions. 1 copy
- 33) "Victory News", issue No. 9, dated 1.2.34, containing news of victories alleged to have been won by Red Armies. 12 copies
- 34) Issue No. 6. 2 copies
- 35) Issue No; 35 (dated 17.2.34) 2 copies
- 36) Receipt books (unused). 10 copies

37) Booklet "The Progress Weekly", dated July, 1934, advocating anti-war movement. 20 copies

38) Booklet "Armed Self Defence", issue No. 1, dated 15.8.34, containing articles of an anti-Japanese nature. 6 copies

✓ (39) "Red Flag", issue No. 64, dated March 1, 1934. 2 copies

Books

40) "Life of Lenin" 1 copy

41) "War Tactics of the Proletarian Classes" 1 copy

42) "Proletarian literature" 1 copy

43) "The Economic Principles of Marx." 1 copy

44) "From Feb. Revolution to October Revolution" 1 copy

45) "History of Social Movements." 1 copy

46) "Outline of Capital." 1 copy

47) "A Treatise on Social Science." 1 copy

48) "The Anti-War Special Issue". 1 copy

List of literature found in possession
of 1st accused Kring Yih Sung on June 26, 1936

- 1) A few pieces of crayon (for chalking slogans?)
- 2) Handbill entitled "Urgent manifesto of the Preparatory Office of the Chinese People's Armed Self Defense Association to oppose the occupation of North China by the Japanese Imperialists," dated June 3, 1936, urging the people to support the anti-Japanese vanguards of the Chinese Red Armies, hold demonstrations and organize anti-Japanese volunteers to protect North China by force of arms. 22 copies
~~XXXXXXXX~~
- 3) Handbill entitled "Manifesto of the Preparatory Office of the Chinese People's Armed Self Defense Association in connection with the 10th anniversary of the inauguration of the Association", dated June 16, 1936, urging the people to carry out armed resistance against Japanese invasions and to support the anti-Japanese vanguards of Red Armies. 12 copies

List of Communist literature found in the home
of and accused Tan Yee Keng, 300 Malacca Road,
after arrest by the Municipal Police at 10 p.m.
June 22, 1935, on Havelock Road near Lay Road.

- 1) Booklet entitled "General Principles of
Anti-Japanese Warfare." One copy
- 2) Booklet entitled "Political Weekly",
issue No. 7, dated May 19, 1935,
purporting to emanate from the Propaganda
Department of the Preparatory Office of
the Chinese People's Armed Self Defence
Society, containing articles of anti-
Government and pro-Soviet nature. One copy
- 3) Booklet entitled "The Yee Ming Monthly",
issue No. 1, dated October 15, 1934,
containing articles of the usual anti-
Imperialist nature. One copy
- 4) Booklet entitled "Friendly News", Issue
No. 1, dated April 1, 1935, containing
articles dealing with the "motion of
Sung Sin No. 7 Mill" and the relief
of farming districts, etc. One copy
- 5) Booklet entitled "Small Employees",
issue No. 3, dated January 8, 1935,
containing articles of an anti-Imperialist
nature. One copy
- 6) Booklet entitled "Small Employees",
issue No. 4, dated Feb. 8, 1935. One copy

List of literature seized at 300 Maichow Road during the night of June 25, 1936. Property of 1st accused Kyin Xih Jung.

- 1) Book entitled "How to develop the organization of the Communist Party". (translation from Japanese). One copy
- 2) Periodical entitled "Political Weekly", issue No. 8, dated May 22, 1936, purporting to emanate from the Propaganda Department of the Preparatory Office of the Chinese People's Armed Self Defense Association, containing articles of anti-Government, anti-Japanese and pro-Soviet nature. Eight copies
- 3) Communist mosquito newspaper entitled "The Truth of the Youth", issue No. 78, dated Jan. 17, 1936, containing articles dealing with the anniversary of the death of Lenin and Luxemburg, etc. One copy
- 4) Communist mosquito newspaper entitled "The Truth of the Youth", issue No. 80, dated Jan. 21, 1936, containing articles labour disputes took place at the end of 1934. One copy
- 5) Booklet entitled "General Principles of Anti-Japanese Warfare." One copy

Books

- 6) "Life of Marx" One copy
- 7) "General Principles of Political Economy." One copy
- 8) "Marx: Remarks on Economy." One copy
- 9) "System of Social Science." One copy

Photos

- 10) six photographs of male individuals and negatives.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE

6803

CRIME DIARY.

June 27 6 125

CRIME REGISTER No:— **Writ of Detention** **Yulin Road** **Police Station.**
Misc. No. 245/35. **June 26,** 19**35.**

Diary Number:— **2.** Nature of Offence:— **Communist.**

Time at which investigation began and concluded each day.	5.30 a.m. 26-6-35.	Places visited in course of investigation each day.	663 Yulin Road
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RECORD OF INVESTIGATION.

Further to Writ of Detention Misc. 245/35.

At 5.30 a.m. 26-6-35, C.D.Cs. 181 and 218 who had been placed inside the General Alloy & Die Casting Works, 663 Yulin Road to await the return of the man Ning Foo Ting (任福廷) succeeded in arresting him at that address. At the time of arrest Ning was found to be in possession of a number of Anti-Japanese and Communistic pamphlets. He states they were given to him by Chin Yieh Zung (金益宗) 1st accused, on the 24-6-35. A piece of black charcoal was also found in his pocket. A visit was then paid to his home, No. 21 Loong Hsing Lee, (隆兴里) Pingliang Road, when a search of his room revealed a large quantity of communistic and anti-Japanese literature. He states that this is the property of the 1st named. D.S. Jones of the S 2. attended and the literature seized has been taken away by him for examination. Ning will appear before the Court on the morning of the 27-6-35, when his detention will be asked for further enquiries.

*See 210.
 info. Informator
 favour of early
 return*

JH
 27 JUNE 1935

JK
 S.D. 1/c. 6

J. Hamilton
 D.S. 12.

S.D.O. 2D
 O.C. Special Branch.

Hing Foo Ding

Hingpo

D. S. Jones

10.15 a.m.

26th June

Clerk Rm Jit S

My name is Hing Foo Ding (丁福安), age 21 years, born at Hingpo. My father, who was formerly a teacher at Hingpo died about 17 years ago, while my mother who is still living, resides with relatives at the West Gate, Hingpo.

At the age of 7 I began to attend the 3rd Primary School at Hingpo. I studied at this school for 6 years and afterwards remained at home for 2 years without employment. I then came to Shanghai at the age of 15 years and was apprenticed to the Jau Tan (朱丹) Piece Goods Shop, 4000 Consulate, near Route Ave. I saw there three years after which I got a job as accountant at the General Metal Works, East Broadway Road, (now at Yulin Road) where I am still employed. During the last six weeks I have resided at No. 21 Hsing Loong Li (兴隆里), Pingliang Road.

I have a friend named Ching (金) who visits me about once a week. Ching last called on me on the night of the 24th of June. He brought a number of anti-Japanese and pro-communist handbills which he left, instructing me to distribute them in Liaoyang Road at 9 a.m. the following night. I have distributed these pamphlets before, three times in May and June this year, once in Waiside Road and twice in Liaoyang Road. Ching gave me no money for this work. He persuaded me to do it from patriotic motives, as the pamphlets were anti-Japanese. The other literature found in my room was

left there by Ching. I don't know what it consisted of.

For my work as accountant at the Metal Works I received \$16 a month. I receive nothing from any other source. I am not a communist. I joined the National Salvation Group about 2 months ago. Ching belonged to same Party. I do not know where Ching lives as he never told me. Although Ching did not pay me for my work on behalf of the National Salvation Group he paid \$4.00 towards the monthly rent of my room, this sum representing half the monthly rental.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTER
No. <u>D 6603</u>
Date <u>2.5.1935</u>

SHANGHAI MUNICIPAL POLICE

ARREST REPORT.

CRIME REGISTER No. 1100.221/35.
Wit of Retention.

Division
Yulin Road.
Police Station
300-303.
19

(One form to be used for each person arrested)

Name, age, occupation and address of person arrested.
(1) Chia Tich ung (何富定) 19, Soochow, /Accountant, 300 Reichow Rd.
(2) Yau ung (朱福根) 18, Wash, 3/coolie, 300 Reichow Rd.

Arrested by C.P.C.'s 1098 & 2987.

Date and place where arrest took place. 6-30am Hockien Road near Lay Road.

Crime Register No. of offence for which arrested. (If an arrest for outside authorities details of offence for which arrested.)

Wit of Retention for a Wit of Retention.

On 10-20am 25-6-35, C.P.C. 1098 & 2987 brought in the above two men to the station, they having arrested them at 6-30am date, on Hockien Road near Lay Road, for being in possession of a number of hand bills of a Communistic & anti-Chinese nature. It appears that the C.P.C.'s first noticed the two men on Lay Road near Hockien Road, the 1st named carrying a bundle of pamphlets in his hand. The C.P.C. watched him and saw him give a number of pamphlets to the 2nd named, who threw them into a cigarette shop, situated at No. 12 Hockien Road. The C.P.C.'s then ran after them and accosted them. The 1st named was also found in possession of a number of pieces of chalk.

Hand written notes:
D.L. Sp. Sec.
Lia. Information
Hand used by C.P.C.
R.H.S.
26/6/35

questioned by C.P.C.'s 220 & 277 and the undersigned, the 1st named stated that the pamphlets were given to him to distribute by one King Foc Ling (何富定) 22, Hingpo, 3/coolie, at 6-30am even date at Hingling & Lay Road corner.

questioned re the whereabouts of King, the 1st named stated that this man was employed in the General Alloy & Die Casting Works, 663 Yulin Road. A visit was paid to this place, where it was learned that King was employed

Name of investigating officer.

Initials of Senior Detective.

P.T.O.

This report is to be forwarded to Headquarters on the morning after arrest. It will be returned for particulars on back to be completed. In case of arrests for outside authorities, no Crime Register Number to be shown.

(OVER)

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.
 Police Station.
 19

Diary Number:—	Nature of Offence:—
Time at which investigation begun and concluded each day	Places visited in course of investigation each day

RECORD OF INVESTIGATION.

there, but did not sleep in the factory and his home address was unknown. Detectives have been placed in the factory to await Ming returning to work on the 26-6-35.

Both named men are employed in the Tah Tong (大東) Rubber Factory, 307 Michow Road, and both sleep on the premises. A visit was paid to their quarters, and in and on top of a chest of drawers used by the 1st named was found a number of books and pamphlets of a Communist nature and in a suitcase belonging to the 2nd named was found some communist pamphlets. These books are under investigation by D.S. Moore of S. 2, who was informed of the arrests.

Both named will appear before the Court on the morning of the 26-6-35 on a Writ of Detention, when their detention will be asked for further enquiries.

D.S. Jones
He remarks of D.S. (2A) / D.S. Duke should visit you soon to be able to take over the case then you go on short leave.
27/6
35

J. L. Lawless
 D.S. 12

D.D.O. "D"

S2, Please go into this case more thoroughly and report again. It is very necessary that we should get all information available about the parties behind the spreading of anti-Japanese propaganda. The work of the C.P. should be made the subject of a recommendation when the case is over. Inform Japanese Authorities.
 26 JUNE 1935

Chinese Authorities informed Jan 27/6

List of Communistic literature seized in the possession of Kying Yih Zung (金以仁) at the time of his arrest by the Municipal Police at 10 p.m. June 25, 1935 on Hochen Road near Lay Road.

- 1) Urgent manifesto purporting to emanate from the Preparatory Committee of the Chinese People Armed Self-Defence Committee to oppose the occupation of North China by the Japanese Imperialists. Advocates the Chinese people to declare a general strike and to hold demonstrations in support of the People's Armed Self-Defence Movement, and to welcome the Anti-Japanese Vanguard of the Red Army to fight the Japanese in the North.

50 copies.

- 2) Manifesto purporting to emanate from the Preparatory Committee of the Chinese People Armed Self-Defence Committee on the 30th Anniversary of the Shanzen Incident. It concludes with the slogans as follows:-
 - a) Welcome the Anti-Japanese Vanguard of the Red Army in its anti-Japanese campaign in the North!
 - b) Declares a general strike and hold street demonstrations!
 - c) Overthrow the Japanese Imperialists!

20 copies.

Kying Yih Zung (李英仁)

Soochow

W.S.I. Moore

Yulin Rd Sta

26.6.35

W.S.I. Kuh Ka-ha

My name is Kying Yih Zung (李英仁), age 19, was native of Soochow. Between the age of 7 and 15, I studied in private school in my native country at Chang Meng (常明), Soochow. I was then apprenticed to the Tsh Feong Zing (大新祥) piece goods shop, rue du Consulat, French Concession, until three years ago when the shop closed owing to business depression.

In May 1932 I was employed as an apprentice in the Anhai Bank, Tientsin Road, where I worked in that capacity for one year.

In July 1933 I was employed as a workman in the Lan Tang (大康) Rubber Overalls Factory, 300 Maichow Road, earning \$24 wages per month. I have been working there ever since. I live in the factory.

At about 6 pm June 25 a fellow-worker named Tsz Hui Meng (朱希孟) gave me a bundle of handbills (about 200) on the Dingling Road Bridge and asked me to distribute them to shops in the vicinity of Dingling and Hockien Roads. He did not promise any remuneration as it was a patriotic movement. I then asked another fellow-worker named Tsz Yao Keng (姚敬) to assist me in the distribution of the handbills. While doing so, we were noticed by C.P.Cs 1098 and 2937 who arrested us on Hockien Road near Lay Road and brought us to the Police Station.

I have been a member of the Chinese People's Armed Self-Defence Committee since December 1934 through the introduction of a former school-mate named Kying Fu Ding (任富定) who is working in the Tang Joong (大昌) Metal Works, Whashing Road, but he has not yet informed me of the address of that Committee. I do not pay any membership fees. I am not a communist but am interested in the anti-Japanese movement. Signed:-Kying Yih Zung.

D-6807

CONSULAAT-GENERAAL DER NEDERLANDEN
VOOR MIDDEN-CHINA.

No. 2311.

SHANGHAI MUNICIPAL POLICE
S. S. REGISTRY.
No. D 6804
Rate 5 July 1935

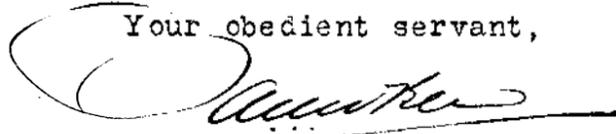
Sir,

I wish to acknowledge the receipt of
your letter of the 3rd instant, No. D. 6804,
concerning Joe Lanzet, and to thank you for
the information contained therein.

I have the honour to be,

Sir,

Your obedient servant,


Chinese Secretary.

T. P. Givens, Esquire,

Deputy Commissioner, Special Branch,

Shanghai Municipal Police,

SHANGHAI.

File

J.H.G.

5 JULY 1935

SEALED MUNICIPAL POLICE
S. S. REGISTRY.
No. D 6564
Date 7/3/35

July 3 35.

Sir,

I have the honour to refer to your letter No. 2236 dated June 25, 1935, and to state that there is nothing in Municipal Police records against Joe Lanzet either from a political or moral point of view.

I have the honour to be,

Sir,

Your obedient servant,



Deputy Commissioner of Police
(Special Branch)

J. Van den Berg, Esq.,

Netherlands Consulate-General.

M.R.L.
SHANGHAI MUNICIPAL POLICE.

File No.

Special Branch S"2". ~~XXXXXX~~
REPORT

Date July 2nd. 1935.

Subject. Joe LANZET, Panamanian- Enquirey from the Netherlands Consulate

Made by D.S.Lingard. Forwarded by *D.S. Lingard* 99

With reference to the Confidential enquiry from the Netherlands Consulate-General regarding a Panamanian named Joe LANZET, residing at 45 North Haining Road, I have to report that there is nothing in Municipal Police records to the detriment of this person.

Joe LANZET came to Shanghai during August 1928, and since October 22 1928 he has been living at No.45 North Haining Rd. which latter address is a boarding house registered in the name of a Miss B. Yavorskaya who is known to be LANZET's paramour.

That Joe LANZET formerly operated a hairdressing establishment on Yu Yuan Road is correct, but this place was never the subject of any unfavourable report.

D.S. Lingard

D. S.

Deputy Commissioner (Special Branch).

Mr Yao,
Please prepare reply.
J.H.G.

PHONE 15040

MEMORANDUM

FROM THE MUNICIPAL ADVOCATE'S OFFICE,
SHANGHAI MUNICIPAL COUNCIL.

To A/Commissioner of Police.

SHANGHAI MUNICIPAL POLICE

No. S. B. D. 6807

Date 1-11-35

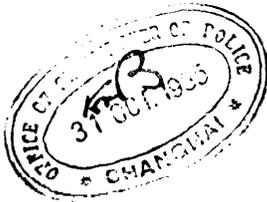
Shanghai, October 31, 1935.

市長鑒
查本會前接
貴會轉來
關於某某
君之請願
書等件
業經本會
委員等
詳加研
究在案
茲將本會
之處理
情形函
復如左
此致
市長
市長鑒

I beg to refer having interviewed the
Municipal Advocate with reference to your query.

The Municipal Advocate has no further comment
but points out that nothing further can be done in
the matter as the Supreme Court holds that there
can be no appeal in extradition cases.

I am, Sir,
Yours obediently,
[Signature]
Chief Inspector.



[Handwritten signature]

File
[Handwritten initials]

Zee Kwan Sung (錢坤生)

Wusih

D.S.I. Golder

Central Stn

Oct. 22, 1935

Clerk Fang Kuo Liang

My name is Zee Kwan Sung, aged 25, native of Wusih, residing at No.7 Yee Ching Lee (顏力里), Fang Pang Road (方溪路), Old West Gate. I am a type-setter employed by the Sin Wan Pao, No. 274 Hankow Road.

I do not know why I was arrested, neither do I know why my fellow workers were arrested. I have never been arrested for Communism neither have I ever been concerned in such activities. I admit I attended a meeting of workers of the Sin Wan Pao held at 6 p.m. October 20, 1935, at the Sin Wan Pao Building. I am an ordinary member of the Newspaper Workers Union and take no leading part in the activities of the Union.

(Signed) Zee Kwan Sung.

Koo Ching Loong(顧金龍)

Footung

D.S.I. Golder

Central Stn

Oct. 2, 1935,

Clark Fang Kuo Liang

My name is Koo Ching Loong, aged 33, native of Footung, residing in the dormitory of the Sin Wan Pao, No.274 Hankow Road, employed as a type-setter. I do not know why I have been arrested nor do I know why my fellow workers, Loh Zuan Pung(陸尊本), Zee Kwan Sung(錢坤生) and Zung Tso Kau(宗竹高) have been taken into custody. I am a member of the Newspaper Workers' Union, but not a leading or committee member. I attended a meeting of the workers of the Sin Wan Pao at 6 p.m. October 20, 1935. My attendance was not voluntary as I should have been fined five days' pay for non-attendance.

I am not a member of the Communist Party nor am I connected with any communist activities.

(Signed) Koo Ching Loong.

Loh Zuen Pung(陸善本)

Pootung

D.S.I. Golder

Central Stn

Oct. 22, 1935,

Clerk Fang Kuo Liang

My name is Loh Zuen Pung(陸善本), aged 27, native of Pootung, type-setter, residing in the dormitory of the Sin Wan Pao, No. 274 Hankow Road.

I was arrested on January 6 by the Chinese Authorities on a charge of Communism. I subsequently repented and was released on January 18. At the time of my arrest I was employed by the Sin Wan Pao and after my release I returned to my employment and was reinstated. I have been continuously employed until 6 p.m. October 22 when I was again arrested. Since my repentance to the Chinese Authorities, I have not taken any part in communist activities and I am therefore at a loss to account for my arrest.

I attended a meeting of the workers of the Sin Wan Pao held at 6 p.m. October 20, 1935, at the Sin Wan Pao building. I am an ordinary member of the Newspaper Workers Union and do not take a leading part in the Union.

(Signed) Loh Zuen Pung.

LDE
FM. 3
G. 40M 1

SHANGHAI MUNICIPAL POLICE

S. B. D. 6.07
S. 1, Special Branch

REPORT

Date: October 21, 1935.

Subject: Newspaper Office Workers' Union - reorganization ordered by local Tangpu.

Made by: D. I. Sih Tse Liang

Forwarded by: *[Signature]*

On October 17, the local Tangpu issued an order to the Newspaper Office Workers' Union instructing that the Union be reorganized. Subsequently fifteen members of the Union were appointed by the local Tangpu to serve on a reorganization committee, and one named Sui Ziang-yung (水祥雲), a committee member of the General Labour Union, was appointed as advisor to the committee.

The reorganization is opposed by the members of the Union, who are mostly workers of the Sin Wan Pao. In connection with this matter some 300 workers of this newspaper held a meeting at 6.30 p.m. October 20, on the 2nd floor of the Sin Wan Pao building, 274 Hankow Road. Liu Tsz-chien (劉子全), a type-setter, stated that the decision of the local Tangpu to reorganize the Newspaper Workers' Union was instigated by an ex-member of the Union named Loh Tung-sung (羅東生) who had been expelled from membership for attempted extortion. He asked the meeting to decide whether the order of the Tangpu for the reorganization of the Union should be accepted or not. After some discussion, the following resolutions were passed:-

- 1) That the order for the reorganization be accepted but the original title of the Union, namely, the Newspaper Office workers' Union (報館工會), be preserved. (According to the order of the local Tangpu, the title of the Union is to be changed to "Newspaper Trade Workers' Union" (報館業工會).
- 2) That any person who is not a member of the Newspaper Office Workers' Union be not allowed to participate in its activities or to interfere in the administration of the Union.

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19

Subject

-2-

Made by Forwarded by

3) That members of the Committee be elected by members of the Union.

4) That the original agreements between the workers and the employers be maintained and all regulations of the Union continue in force.

5) That the position of clerk to the Union be filled at the discretion of members. (According to the Tangpu, the clerk is to be appointed by the Kuomintang.

6) That the election of the committee be completed within one month.

The Newspaper Office Workers' Union, 14 Siao Dao Yuen Ka, City is one of the most influential labour organizations in Shanghai. It is not registered with the Tangpu which consequently exercises little control over its activities, and it is with the object of securing control of the Union that the Tangpu has ordered its reorganization.

The above information was obtained by D.I. Pan Lien-pih, Agents 31 and 34.

*Copies sent
2/10/35
abb*

*Register
Copies to D.O. 'A' and
Central Station*

Sih Jee Liang

D. I.

D. C. (Special Branch).

*File
Mly*

LDL
Form No. 3
C. 25,000-1-34

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTER

S. 1, Special Agent

B. D. [unclear]

REPORT

Date October 19, 1935.

Subject (in full) Newspaper Office Workers' Union - re-organization.

Made by D. I. Sih Tse-liang

Forwarded by *[Signature]*

** See also
S. 2481 re
activities of
in "China
Times" strike
Apr. 1935.*

The Newspaper Office Workers' Union, 14 Siao Dao Yuan
Ka, Nantao, is being re-organized by order of the local Kuomin-
tang. On October 18, fifteen members of the Union were
appointed by the Tangpu to serve on a re-organization committee.

The above information was obtained by Agent 31.

Sih Tse Liang

D. I.

D. C. (Special Branch).

*File
ME*

10 OCT 1935



K.P.H.
SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
File No. D 20097

Section 2, Special Branch 6807

REPORT

Date JULY 5 1935

Subject Alleged "Red" elements among "Sin Wan Pao" workers.

Made by D.I. Kuh Pao-hwa Forwarded by M. B. Lambert D.O.

With reference to the attached anonymous letter dated June 25, 1935, addressed to the Commissioner of Police, alleging that communist adherents are operating among the workers of the Sin Wan Pao Newspaper Offices, 274 Hankow Road, I have to report the following :-

On June 20, 1935, Yang Keng Foh (楊敬發), a type-setter in the employ of the Sin Wan Pao, held a dinner party in the Dah Hung Yung (大鴻運) Restaurant, Woo Bing Road (木平路), West Gate, to celebrate his son's birthday. A number of his fellow-workers attended the invitation. After the feast the workers proceeded to the offices of the Sin Wan Pao and participated in a Ping Pong competition held by the printers. Chu Na Chung (瞿乃忠) succeeded in winning a prize which he requested Wang Ping Chen (汪平陳) to exhibit in the premises. Wang refused and attempted to walk away, whereby Chu caught hold of him and a fight ensued. Tseu Chun Keng (左春耕) alias Chang Chun Keng (張春耕) then assisted Chu in assaulting Wang who had struck the first blow. Chu received injuries to the face. The dispute was brought to the notice of the Executive Committee of the Sin Wan Pao Newspaper Workers' Union who decided that Wang should defray all medical expenses incurred by Chu on the grounds that he had started the fight.

The following day Wang, who had received serious internal injuries, failed to turn up for work. Chu then requested two of his fellow-workers named Lieu Tsz Zien (劉智泉) and Yue Tsing Zung (岳清宗) to mediate in the altercation and promised to pay \$50 to Wang to enable him to defray his medical expenses. The proposal was accepted. Wang is still convalescent and is living at No.3 San Shing Li (三雲里),

14
40.0.1.35

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT
-2-

..... Station,
Date..... 19

Subject

Made by..... Forwarded by.....

Tsi Tao Jao (葛乃桥) near the Nantao District Court.

According to discreet enquiries made by C.D.S.155 of this Section Chu Na Chung is not known to have any communist connections and it appears that the whole trouble started owing to the men concerned being under the influence of liquor.

Nothing is known against the other workers mentioned in the attached letter.

16

Kuh Tao-hwa

D. I.

Deputy Commissioner (Special Branch)

File
MS

JULY 1935

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

REPORT

Special Branch, Station,

Date June 19, 1935

Subject (in full) Anonymous letter re arrests of newspaper workers in
Chinese territory.

Made by _____ and _____ Forwarded by _____ Supt. Tan Shao-liang

Enquiries at the Public Safety Bureau Headquarters

(3rd Department) show that two workers of the Sin Wan Pao
named Lu Shan Peng and Liu Fah Sung were arrested on

January 2 by the Chinese Police in the newspaper Vendors Guild

at See Chang Jao Ka (西昌桥街), City. The Police action

was based on a report that the prisoners had served on the

Committee of the "Red" Newspaper Workers Union of the Sin
Wan Pao branch. The two men confessed that they were

communists, but as they repented their wrong doings and

promised to reform, they were ordered to sign "bonds" and

released on January 7. The other names mentioned in the

attached letter are not known to the Chinese Authorities.

Tan Shao-liang
Superintendent

D.C. (Special Branch)

\$2,
For comment please.

J.P.G.

28 JUNE 1935

D.G. Kueh
28/6/35

SHANGHAI MUNICIPAL POLICE

COMMISSIONER'S OFFICE.

Translation of Anonymous letter.

June 25,

1935.

To

The Commissioner of Police,
Shanghai Municipal Council.

Sir,

The Communist employes of the "Sinwanpao",
Hankow Road, have been active: they were put
under arrest whilst holding a meeting in the New-
spaper Workers' Union, Hsiao Tao Yuan Street,
Shanghai City, on the 2nd January, 1935 and were
subsequently allowed to reform. Recently the
principal Communists have resumed their activities
and have directed six or seven followers to
assault Wang Ping Chen, a law-abiding workman, on
a certain pretext on the 20th inst., thereby caus-
ing him injuries to the loin etc. Meantime, his
conditions have become serious and the principal
Communists have instructed their "walking dogs" to
adopt measure to intimidate the family of the
victim not to raise the question. Wang Ping Chen
was assaulted upon, merely for the reason that he
objected to joining the Communist Party. During
the demonstration staged by the Communist Party,
majority of law-abiding workmen dared not xx utter
a word. The "walking dogs" of the Communist Party
made threatening speeches, their object being to
convert all workmen into Communists.

- 2 -

In these circumstances, I cannot help confidentially reporting the above for your information with the request that inquiries be made by the men under your command for severe disposal so that Communism would not spread among the staff of the "Sinwanpao".

The following are principal Communist employees of the "Sinwanpao" and were arrested on the 2nd January, 1935:-

Lu Shan Peng, Chuan Shan Ch'i, Hsiao Shih Ling, Chu Na Chung, Koo Chin Lung, Wei Chong Yung, Liu Che Ch'uan, Chang Ch'un Keng and Chien Kw'en Sheng etc. They have about several scores of followers.

Not signed.

SKHO:

FLASH

NO.

3

D-6808

S B R 2 1 7 1
D 680x

4 7 25

- 1) Unite under the banner of the Preparatory Committee of the Council of Chinese People for Armed Self Defence.
- 2) Mobilize in order to resist the Japanese invasion of North China.
- 3) Organize a People's Anti-Japanese Volunteer and Dare-to-die Corps to proceed to the North in order to carry on the Anti-Japanese struggle.
- 4) Confiscate all Japanese goods.
- 5) Support the anti-Japanese students of the Fuh Tan University who have been arrested and demand that the treacherous Government should secure emancipation for the Anti-Japanese warriors of the Fuh Tan University.
- 6) Down with the Japanese imperialists.

FM. 17.

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

Shanghai, November 16 1935.

To: Supt. Jan,

Although the Chinese Authorities know more about the matters dealt with in this file than we do, please communicate all the particulars to them.

JMG

Done

Jan 18/11

File
JMG

18 NOV 1935

6. 40,000-10

Confidential

Z02
SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
File No. S. B. REGISTRY.

Section 2, Special Branch.
REPORT

No. D 6808
Date 27/7/35
Date July 8, 1935

Subject Anti-Japanese handbill issued by the Shanghai Branch of the Chinese People's Armed Self Defence Committee.
Made by _____ and _____ Forwarded by D.I. Everest.

I forward herewith an anti-Japanese handbill which was found by the Municipal Police on Wuting Road near Seymour Road at 8 a.m., 2.7.35. A brief translation of the document, which deals with the arrest of students of the Futan University, Kiangwan, on June 14, 1935, reads as follows:-

" With the ultimate object of annexing China and suppressing the anti-Japanese and national salvation movement of the Chinese people, the Japanese imperialists commenced military operations in North China and submitted the following demands on May 29 and June 9:-

" (1) All Chinese troops to be withdrawn from North China to the south of the Yellow River.

" (2) The branch offices of the Military Committee in Peiping and the North China Political Affairs Rehabilitation Committee to be abolished.

" (3) The various Kuomintang organizations in Hopei to be dissolved and the Hopei Provincial Government to be moved out of Tientsin.

" (4) All anti-Japanese movements to be vigorously suppressed.

" The Nationalist Government have accepted these demands and are enforcing them, whilst the Japanese imperialists have gone a step further by demanding the evacuation of General Sung Chi-yuan from Charhar.

" To protest against these aggressions on the part of the Japanese imperialists, the students of the Futan University, on June 14, called an anti-Japanese conference and passed the following proposals:-

" (1) That the Nationalist Government be requested to send troops to North China to fight the Japanese.



Copy passed to [unclear] 28/7/35

SHANGHAI MUNICIPAL POLICE

File No.

REPORT

Station,

Date, 19

Subject,

Made by Forwarded by,

-2-

" (2) That economic relations between China and Japan
 " be severed.

" (3) That the Anti-Japanese Federation of Shanghai
 " Students be restored.

" During the progress of the meeting, however, the running
 "dogs of the traitorous government and a large batch of
 "armed policemen and detectives from the Public Safety Bureau
 "dispersed the meeting by force of arms and arrested a number
 "of those present. Detectives and policemen are still
 "keeping a watch on the school premises.

" All Chinese people in Shanghai should now declare strikes;
 "call mass meetings; hold demonstrations; organize a committee
 "for the armed defence of North China, and oppose the
 "suppression of the anti-Japanese movement by the Chinese
 "Government. All Chinese students should suspend studies;
 "convene anti-Japanese meetings; organize a Shanghai students'
 "anti-Japanese society; confiscate Japanese goods; organize
 "anti-Japanese volunteer armies; demand the release of the
 "anti-Japanese warriors of the Fudan University, and overthrow
 "Japanese imperialism.

Shanghai Branch of the Chinese People's Armed
 Self Defence Committee. "

will be included in I.R. of July 5 in appendix from

K.



lb. (Dime) Information and forward passing to C. P. J.M.

B. B. Owen

D. I.

Deputy Commissioner (Special Branch) 4 JULY 1935

J. L. [Signature]

Report sent with <u>1 copy of</u> pamphlets, handbills or newspapers to Special Branch.					
Where found	<u>uting Road near Seymour Road.</u>	Time found	<u>8 a.m.</u>	Date	<u>2/7/35</u>
Character of place where found, (industrial, residential, respectable or doubtful neighbourhood).	<u>Residential.</u>				
Near School, Factory, Military Camp, Mill etc.	<u>No .</u>				
How distributed? (If known).	<u>Found on roadway by C.P.O. 2326.</u>				
Nature of Document. (Communist or Anti-Government etc).	<u>Anti- Japanese.</u>				
Arrests or not, if so how many?	<u>-</u>				
Class of man arrested? (Student, coolie, mill worker etc.)	<u>-</u>				
Charged under what Section of C.C. Code?					

Date July 2nd,

Signed Head
for C. I. etc. if G. Hd. Station.

爲賣國政府解散復旦大學抗日大會

逮捕學生告民衆

全上海民衆們和學生們！

日本帝國主義爲要併吞中國，直接鎮壓中國民衆的抗日救國運動，就要在華北開始軍事行動，一舉佔領華北了！

在五月廿九日及六月九日，日本帝國主義向中國政府提出了下列幾項重要要求。

(一)撤換華北一切中國駐軍到黃河以南。
(二)取消北平軍分府，華北政務整理委員會。
(三)解散河北省各級國民警衆部，河北省政府遷出天津。
(四)嚴厲取締抗日運動等等。

全上海的民衆和學生們！

這很明顯地是日本帝國主義佔領華北的要求，承認這些要求，就無異於把華北民衆送給日本帝國主義屠殺，這無異於把華北領土變成日本帝國主義併吞全中國前驅的根據地。

然而國民政府，不但馬上完全承認了這一要求，而且已經把河北省政府遷移保定，把華北一切駐軍撤退，更進一步幫助日本帝國主義屠殺中國民衆抗日救國運動！

這樣一來，自然日本帝國主義，便更進一步增添大批海陸空軍集中華北，舉行擴大的軍事演習並且製造新的藉口，要求宋哲元撤出察哈爾，準備一個比九一八事變及一二八戰爭更大的屠殺了！

全上海的民衆和學生們！

處在這樣生死存亡的關頭，我們這樣任讓政府自由出賣及日本帝國主義責任屠殺宰割呢？還是自動團結起來，不顧一切犧牲與錢財，和日本帝國主義作個決死的鬥爭呢？

無疑地，在全中國民衆的心中，目前已經燃燒起極大的憤怒，極高的反抗，準備着一個强有力的抗日戰鬥的大爆發！

在這裡，復旦大學的同學們首先以英勇的姿勢表現出民衆的反抗力量了。

本月十四日，復旦學生經過與學校當局三次的鬥爭，終於召集了全體學生抗日大會，在激昂緊張空氣中通過三個議案。(一)要求政府立刻出兵華北抗日。(二)實行對日經濟絕交。(三)恢復上海學生抗日聯合會。

在這樣緊急空氣中，賣國政府預先派去的十幾個走狗，在會場中首先公開反對他們抗日決議及會議，同時開始示威，要求他們解散大會，接着公安局派了大批武裝軍警探狗，荷槍實彈，前來鎮壓，結果不但把全體學生從會場中完全驅逐出去，並且逮捕了抗日愛國的同學！一直到今天止，學校裡還佈滿了密探和警察爲了保障日本帝國主義順利地佔領華北，現在更加公開無恥地對抗日民衆救國運動施以殘酷鎮壓了！

全上海的民衆們！

立即罷工罷市，召集民衆大會，遊行示威，成立武裝保衛華北委員會，反對日本帝國主義進攻華北，反對中國政府賣國抗日運動！

全上海的學生們！

立刻召集各校全體同學抗日大會，實行總罷課，成立全上海學生抗日聯合會，進行抗日鬥爭！

英勇的復旦大學同學們！繼續進行不屈不撓的鬥爭，衝破賣國漢奸政府的壓迫，召集第二次全體同學大會，成立復旦同學抗日會，爲實現你們的決議而鬥爭！

全上海的大衆及學生們！

(一)在中國民族武裝自衛委員會旗幟之下！

(二)總動員，反對日本帝國主義進攻華北！

(三)組織民衆抗日義勇軍，北上抗日決死隊，進行抗日戰爭！

(四)檢查沒收日貨充作抗日經費！

(五)援助復旦抗日同學，要求賣國政府立即解散復旦大學抗日職工！

(六)打倒日本帝國主義！

中國民族武裝自衛委員會籌備會上海市分會

FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

To SI, Shanghai, July 4, 1935.

If you send some one to see Father Jacquinet at St Pierre Church, opposite Aurora University, on Saturday forenoon, the Father will give the messenger a handbill advocating a strike in all schools for a week. This and other handbills seem to be constantly circulated present among students of various schools. Similar handbills obtained on June 24 and July 2, 1935.

J.H.

FILE
JULY 1935

爲賣國政府解散復旦大學抗日大會

逮捕學生告民衆

全上海民衆們和學生們！
日本帝國主義爲要併吞中國，直接鎮壓中國民衆的抗日救國運動，就要在華北開始軍事行動，一舉佔領華北了！
在五月廿九日及六月九日，日本帝國主義向中國政府提出了下列幾項重要要求。

- (一) 撤換華北一切中國駐軍到黃河以南。
- (二) 取消北平軍分會，華北政務整理委員會。
- (三) 解散河北省各級民衆黨部，河北省政府遷出天津。
- (四) 嚴厲取締抗日運動等等。

全上海的民衆和學生們！

這很明顯地是日本帝國主義佔領華北的要求，承認這些要求，就無異於把華北民衆交給日本帝國主義屠殺，這無異於把華北領土變成日本帝國主義併吞中國更前進的根據地。然而國民政府，不但馬上完全承認了這一要求，而且已經把河北省政府遷移保定，把華北一切駐軍撤出，更進一步幫助日本帝國主義屠殺鎮壓中國民衆抗日救國運動！

這樣一來，自然日本帝國主義，便要更進一步增派大批海陸空軍集中華北，舉行更大的軍事演習並且製造新的藉口，要求宋哲元撤出察哈爾，準備一個比九一八事變及一二八戰爭更大的屠殺了！

全上海的民衆和學生們！
處在這樣生死存亡的關頭，我們這樣任憑政府任自由出賣及日本帝國主義責任屠殺宰割呢？還是自動團結起來，不顧一切犧牲與鐵血，和日本帝國主義作個決死的鬥爭呢？無疑地，在全中國民衆的心中，目前已燃起極大的憤怒，極高的反抗，準備着一個強有力的抗日戰鬥的大爆發！

在這種，復旦大學的同學們首先以英勇的姿勢表現出民衆的反抗力量了。
本月十四日，復旦學生經過與學校當局三天的鬥爭，終於召集了全體學生抗日大會，在激昂緊張空氣中通過三個議案。(一)要求政府立刻出兵華北抗日。(二)實行對日經濟絕交。(三)恢復上海學生抗日聯合會。

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國民政府爲了保障日本帝國主義順利地佔領華北，現在更加公開幫助對抗日民衆救國運動加以殘酷鎮壓了！
全上海的民衆們！
立即罷工罷市，召集民衆大會，遊行示威，成立武裝保衛華北委員會，反對日本帝國主義進攻華北，反對中國政府鎮壓抗日運動！
全上海的學生們！

立刻召集各校全體同學抗日大會，實行總罷課，成立全上海學生抗日聯合會，進行抗日鬥爭！
英勇的復旦大學同學們！繼續進行不屈不撓的鬥爭，衝破賣國漢奸政府的壓迫，召集第二次全體同學大會，成立復旦同學抗日會，爲實現你們的決議而鬥爭！
全上海的大衆及學生們！

- (一) 在中國民族武裝自衛委員會旗幟之下！
- (二) 總動員，反對日本帝國主義又進攻華北！
- (三) 組織民衆抗日義勇軍，北上抗日決死隊，進行抗日戰爭！
- (四) 檢查沒收日貨充作抗日經費！
- (五) 援助復旦抗日同學，要求賣國政府立即解散復旦大學抗日戰士！
- (六) 打倒日本帝國主義！

中國民族武裝自衛委員會籌備會上海市分會

LDL

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
File No. 6808
No. D

Confidential
SHANGHAI MUNICIPAL POLICE.

S.I., Special Branch, 27 West 135

REPORT

Date June 27, 1935.

Subject ... Anti-Japanese Movement among Students of the Fuh Tan University.

Made by D.I. Sin Tse Liang Forwarded by *H. G. ...*

At 1.30 p.m. June 14, some 100 students of the Fuh Tan University assembled in the Main Hall of the School, Ziang Ying Road, Kiangwan and attempted to convene a meeting. The object of this meeting was to resuscitate the anti-Japanese movement among the students. Before any business was transacted, however, some 20 Chinese policemen came on the scene. The gate was closed and guarded. The students were dispersed and order subsequently restored.

Subsequent investigations by the Chinese Authorities elicited the information that the following five students of the University were ringleaders in this movement :-

- Pao Nyi (包毅)
- Mao Ih-ling (茅一林)
- * Dzung Tung-tsih (鄭通騰)
- Li Chun (李春)
- Zao Chu-tsz (趙卓之)

* See also S. 5576

(The third mentioned student was arrested on Dec. 21, 1933 by the Chinese Authorities during a raid on the Fuh Tan University on a charge of being a reactionary and sentenced by the Woosung-Shanghai Military Court in February, 1934 to 2 years imprisonment in the reformatory at Soochow. Apparently he was released before the expiration of his term of imprisonment.)



A search was conducted by the Chinese Police on the night of June 16 of the students' quarters of the University, but nothing of an incriminating nature was found. The decision to arrest these students was cancelled in order to avoid further trouble, but the local Chinese Authorities have arranged to put these students under close observation.

File No.....

SHANGHAI MUNICIPAL POLICE.

Station,

REPORT

Date.....19

Subject.....

-2-

Made by..... Forwarded by.....

See also S. 6032

The organization responsible for instigating the subversive activities is the ^{中國民族武裝自衛委員會籌備會} Preparatory Committee of the Council of Chinese People for Armed Self Defence. This Committee was formed by General Li Tu and Madam Sun Yat-sen in August, 1934, but owing to lack of funds, has not been active. Taking advantage of the recent developments in the Sino-Japanese situation in the North, this Committee decided to revive the anti-Japanese movement with the object of embarrassing the National Government.

Agent Yao Chi Chang has assisted in securing the information in this report.

Sh. Tse Liang

D. I.

D. C. (Special Branch).

Acting Commissioner of Police

Sir,

Information.

J. R. Guiness

D. C. (Sp. Br.)

2 JUNE 1935

File
28 JUNE 1935

A.R. 20/1/35

Report sent with 26 Anti-Japanese pamphlets, handbills or transcripts to Special Branch.			
Where found	Gordon-Robison rds.	Time found	7.05 a.m. Date 25.6.35.
Character of place where found, (industrial, residential, respectable or doubtful neighbourhood).	Industrial Area.		
Near School, Factory, Military Camp, Mill etc.	Near factory.		
How distributed? (If known).	scattered on roadway.		
Nature of Document. (Communist or Anti-Government etc).	Anti - Japanese.		
Arrests or not, if so how many?	None.		
Class of man arrested? (Student, coolie, mill worker etc.)	- - - -		
Charged under what Section of C.C. Code?	- - - -		

Date **June 25th. 1935.**

Signed *Alford*
for C. I. etc. i/c. *Post Office Station.*

爲賣國政府解散復旦大學抗日大會

逮捕學生告民衆

全上海民衆們和學生們！
日本帝國主義爲要併吞中國，直接鎮壓中國民衆的抗日救國運動，就要在華北開始軍事行動，一舉佔領華北了！

在五月廿九日及六月九日，日本帝國主義向中國政府提出了下列幾項重要要求。

- (一) 撤銷華北一切中國駐軍到黃河以南。
- (二) 撤銷北平軍分會，轉北政務委員會。
- (三) 解散河北各省國民黨部。
- (四) 廢除取締抗日運動等等。

全上海的民衆和學生們！

這很明顯地是日本帝國主義佔領華北的要求，承認這些要求，就無異於把華北民衆送給日本帝國主義屠殺，這無異於把華北領土變成日本帝國主義併吞全中國前進的根據地。然而國民政府，不但馬上完全承認了這一要求，而且已經把河北省政府遷移保定，把華北一切駐軍撤退，更進一步幫助日本帝國主義屠殺鎮壓中國民衆抗日救國運動！

這樣一來，自然日本帝國主義，便要更進一步增派大批海陸空軍集中華北，舉行更大的軍事演習並且製造新的藉口，要求宋哲元撤出察哈爾，準備一個比九一八事變及一二八戰爭更大的屠殺了！

處在這樣生死存亡的關頭，我們這樣任憑政府自由出賣及日本帝國主義委任屠殺宰割呢？還是自動團結起來，不顧一切犧牲與鎮壓，和日本帝國主義作個決死的鬥爭呢？無疑地，在全中國民衆的心中，目前已經燃起極大的憤怒，極高的反抗，準備着一個強有力的抗日戰鬥的大爆發！

在這種復旦大學的同學們首先以英勇的姿勢表現出民衆的反抗力量了。

本月十四日，復旦學生應國民學校當局三次的鬥爭，終於召集了全體學生抗日大會，在激昂緊張空氣中通過三個議案。(一)要求政府立刻出兵華北抗日。(二)實行對日經濟絕交。(三)恢復上海學生抗日聯合會。

在這樣緊張空氣中，賣國政府預先派去的十幾個走狗，在會場中首先公開反對他們抗日決議及會議，同時開始示威，要求他們解散大會，接着公安局派了大批武裝軍警探狗，荷槍實彈，前來鎮壓，結果不但把全體學生從會場中完全驅逐出去，並迅速逮捕了抗日愛國的同學！一直到今天止，學校裡還佈滿了密探和警察！國民政府爲了保障日本帝國主義順利地佔領華北，現在更加公開無恥地對抗日民衆救國運動施以殘酷鎮壓了！

全上海的民衆們！

立即罷工罷市，召集民衆大會，遊行示威，成立武裝保衛華北委員會，反對日本帝國主義進攻華北，反對中國政府鎮壓抗日運動！

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英勇的復旦大學同學們！組織進行不屈不撓的鬥爭，衝破賣國漢奸政府的壓迫，召集第二次全體同學大會，成立復旦同學抗日會，爲實現你們的決議而鬥爭！

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- (二) 總動員，反對日本帝國主義又進攻華北！
- (三) 組織民衆抗日義勇軍，北上抗日決死隊，進行抗日戰爭！
- (四) 檢查沒收日貨充作抗日經費！
- (五) 援助復旦抗日同學，要求賣國政府立即解散復旦大學抗日戰士！
- (六) 打倒日本帝國主義！

中國民族武裝自衛委員會籌備會上海分會

為賣國政府解散復旦大學抗日大會

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- (一)撤換華北一切中國駐軍到黃河以南。
- (二)撤銷北平軍分會，華北政務整理委員會。
- (三)解散河北省各級國民黨部，河北省政府遷出天津。
- (四)嚴厲取締抗日運動等等。

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然而國民政府，不但馬上完全承認了這一要求，而且已經把河北省政府遷移保定，把華北一切駐軍撤退，更進一步幫助日本帝國主義屠殺鎮壓中國民衆抗日救國運動！

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無疑地，在全中國民衆的心中，目前已經燃起極大的憤怒，極高的反抗，準備着一個強有力的抗日戰鬥的大爆發！

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國民政府爲了保障日本帝國主義順利地佔領華北，現在更加公開無恥地對抗日民衆救國運動加以殘酷鎮壓了！

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(一)在中國民族武裝自衛委員會旗幟之下！

(二)總動員，反對日本帝國主義又進攻華北！

(三)組織民衆抗日義勇軍，北上抗日決死隊，進行抗日戰爭！

(四)檢查沒收日貨充作抗日經費！

(五)援助復旦抗日同學，要求賣國政府立即解放復旦大學抗日戰士！

(六)打倒日本帝國主義！

中國民族武裝自衛委員會籌備會上海市分行

S.R. 25/6/35.

Anti-Japanese Handbills Found in Pootoo Road District

At 7 a.m. on June 25, copies of a handbill of an anti-Japanese nature, purporting to emanate from the Preparatory Committee of the Council of Chinese People for Armed Self Defence, were found scattered on Gordon and Robison roads.

The dissolution, by the Chinese Authorities, of an Anti-Japanese meeting convened on June 24 by the students of the Fuh Tan University and the arrest of several students is opposed by this handbill.

According to the contents of this leaflet, it is alleged that a meeting was convened by the students of this college on June 24 when the following decisions were reached :-

- 1) That the Government be requested to despatch troops to the North to resist the Japanese.
- 2) That economic relations with Japan be severed.
- 3) That the Shanghai Students' Anti-Japanese Federation be resuscitated.

This meeting was cut short by the arrival of the Chinese Police who took into custody several students. In conclusion, this leaflet urges the local people and students to :-

Handwritten notes:
Handwritten initials and notes in the left margin, including "S.R.", "25/6/35", and other illegible scribbles.

D-6813

D. 6813
2 10 35

RADIO CONGESTION

Registration as Remedy

To the Editor of the

"NORTH-CHINA DAILY NEWS"

Sir,—Compulsory registration of radio receiving sets, threats of fines for non-registration of same, and arbitrary grouping of broadcasting stations will not solve the deplorable local radio situation.

There is only one remedy, and it is simply itself.

It simply consists of

(1) the recommendations recently made in your paper by no less an authority than Mr. Robert L. Stewart, General Manager of the American Radio Equipment Co., 205 7 Avenue Haig, for replacing the antiquated and wholly inefficient apparatus used by most stations with up-to-the-minute equipment of proven worth and usefulness (which, by the way, is not so costly, as a cursory glance at the leading radio magazines carrying advertisements of radio receiving and sending instruments will reveal).

(2) the increase of transmission power. (It is interesting to remark in this connection that for the inaudible 1,000 watts used here, the formidable half a million watts or more is common in the United States).

Really, all this hullabaloo set up by the geniuses of the Chinese Radio Administration is not to improve the local broadcasting, but to get more revenue—both in fines and licenses. Why, then, beat about the bush with all this ridiculous palaver about station grouping, since it would be like pleasing Paul and displeasing Harry all this senseless monopoly of the air for a certain favoured section of this city while the other section gets only blank silence or, at best, a few meaningless buzzings?

RADIO FAN.

Shanghai, Oct. 4.

File
H.S.

October 1, 1935.

Morning Translation.

Central China Daily News and other local newspapers :-

THE REGISTRATION OF RADIOS

Acting on an order received from the Ministry of Communications, the International Telegraph Administration some time ago issued a circular notice to the effect that all owners of radio receiving sets should apply for registration with the Administration before the end of September.

Many Chinese and foreign residents have applied for registration and over 68,000 radio receiving sets have been registered. After investigating the applications received, the Administration has requested the Ministry of Communications to issue the certificates.

The period for registration expired yesterday. A fine of between \$5 and \$200 will be imposed on anyone who has failed to register his radio receiving set.

The Administration has issued the following circular notice :-

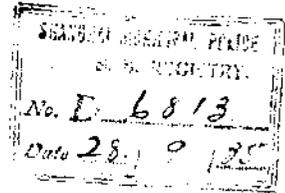
"This Administration has received confidential reports to the effect that certain persons, impersonating representatives of this Administration, have attempted to extort money from owners of radio receiving sets. Up to the present, this Administration has not sent any member to inspect radio receiving sets and when this Administration eventually does detail men to make an inspection, he will be furnished with a certificate of identification. This notice is hereby issued for the information of the public."

Central China Daily News and other local newspapers :-

CONSTRUCTION OF NEW GAOLS IN CHINA

Since January 1, 1935, the Ministry of Justice has constructed nine gaols in the various provinces and 14 others are still under construction. The Ministry has also constructed eight new detention houses in Shanghai and other cities.

In order to relieve the congestion of prisoners in the 1st and 2nd Special District Court gaols in Shanghai, the Ministry of Justice has purchased 170 mow of land in Bao Soong District (蒲淞區), Shanghai, on which a gaol which can accommodate over 8,000 prisoners will be constructed. When the new gaol is ready, prisoners from the 2nd Kiangsu Gaol, the 2nd Special District Gaol and the Ward Road Gaol will be transferred to the new institution. These three gaols will then be converted into detention houses for remand prisoners.



September 28, 1935.

Morning Translation.

Shanghai Public Daily News (申報) of September 27 :-

THE REGISTRATION OF RADIOS.

In an interview with a reporter of this paper, an official of the International Telegraph Administration made the following statement:- "The Administration will issue certificates to the owners of radio receiving sets, who have applied for registration. The Administration will then detail experts to call on owners and inspect radio receiving sets. The reasons for this are as follows:- (1) To ascertain whether or not there is any possibility of danger from the antenna. (2) To ascertain whether sets have been installed to intercept wireless messages transmitted on a long or short wave length. (3) To advise owners how to avoid danger when using the sets. These officers will be provided with certificates".

Shanghai Morning Post published the following editorial on September 26 :-

THE CAUSES OF OUR POVERTY.

In its issue of September 20 our contemporary, the "Peiping Morning Post", publishes an editorial entitled "Why is our country so poor?" It says, in part:-

"During the past 40 years the island of Formosa has been considerably developed. Since its occupation by Japan, this island of unhealthy climate whose soil is almost uncultivable and unproductive has become a place of riches, richer than Kiangpeh. Had this island remained Chinese, it is probable that the Central Government would have to grant it a subsidy for its administrative expenses! Fukien is close to Formosa and possesses all the physical advantages of Formosa but without its disadvantages. Yet Formosa to-day is prosperous and has a revenue of Taels 120,000,000 per annum while Fukien is experiencing great difficulty in even finding the 30 to 40 million dollars for its administrative expenses. It is not only Fukien which finds itself in this deplorable condition, most of our provinces are in a similar plight. All this goes to show that our poverty is due to human faults, that this poverty is the consequence of a corrupt administration. Unless the necessary reforms are introduced into our administration and corrupt officials are severely punished, China will never be able to emerge from her state of poverty."

We also have for some time longed to express our views on this subject. Let us examine the causes of our poverty.

In our opinion, it is undeniable that the causes of our poverty are due to our corrupt officials. It is no exaggeration to say that most of our officials are corrupt. Let us examine some of our high officials, such as the Magistrates, the Chiefs of Departments, the Governors and the Ministers. Hardly have they been in office a few months, when these gentlemen or at least

11952

The Shanghai Evening Post & Mercury, Saturday, September 28, 1935

No.	6813
Date	30 9 35

**U.S. Consulate
Rules On Radios**
**Americans Not Required
To Register Sets On
Nanking Order**

With reference to the campaign of the Chinese Bureau of International Telegraphs for registration of all radio sets, Mr. Edwin S. Cunningham, American Consul-General here, has told The Shanghai Evening Post that Americans are not required to register their sets.

"The regulations are not applicable and cannot be enforced against Americans," Mr. Cunningham said. "If Americans observe them, it will be a voluntary act on their part to which we do not object. It is impossible to enforce any penal clauses of the regulations against Americans."

Under the regulations, fines ranging from \$10 to \$200 are scheduled to be imposed upon all owners of radio sets who do not register them. Registration is supposed to be within the present month.

Registration is free of charge and its stated purpose is for compilation of statistics by the bureau, with a view to finding out in what part of the city radio sets are chiefly located. Following the investigation arrangements will be made to remove the various radio broadcasting and transmitting stations to suitable localities so as to eliminate the prevailing garbled transmission.

Reg. please attach to file.

JL

30 SEP 1935

11952

SHANGHAI MUNICIPAL

S. D. DISTRICT

L. D. 6813

Special Branch 24 9 35

September 24 1935

Registration of Owners of Radio Receiving Sets.

and

C.D.I. Grubb

The Bureau of International Telegraphs has published a notice in the N.C.D. News regarding the enforcement of registration of radio broadcasting receivers. The notice (attached) points out that set-owners failing to register before September 30 will be fined according to Article 21 of the Telegraph Act promulgated by the National Government on August 5, 1928.

Should it be intended by the Bureau of International Telegraphs to enforce this Act in the Settlement, it will, of course, only apply to persons subject to the jurisdiction of the Shanghai Special District Court.

The attitude of the Council towards the enforcement of registration in the Settlement is set down in a letter dated August 10, 1935, to the Commissioner of Police from the Acting Secretary as follows :-

"Registration of Owners of Radio Receiving Sets."

"It is not the wish of the Council that the registration order should be enforced in the Settlement.
"It is proposed to await events rather than take any step
"to oppose the Order at the present time."

C. D. I.

D. C. (Special Branch)

**BUREAU OF
INTERNATIONAL
TELEGRAPHS**

NOTICE

**Free Registration of Radio
Broadcasting Receivers**

Public is hereby notified that by order of the Ministry of Communications all owners of radio broadcasting receivers are required to register their sets with the Bureau, 255 Peking Road, before September 30, 1935. No fee of any kind will be charged for such registration.

Set-owners, failing to register their sets before September 30, will be fined according to Article 21 of the Telegraph Act promulgated by the National Government on August 5, 1929.

Registration blanks may be obtained from the Bureau or any telegraph office.

11036

[Handwritten signature]

FM. 1

Memorandum.

POLICE FORCE.
MUNICIPAL COUNCIL.

To SI, Shanghai, August 18, 1935.

This memorandum is excellent and may be filed as it is. The last page should be altered to include an account of the manner in which the two cases mentioned were disposed of.

J.H.

SPECIAL INQUIRY

SPECIAL INQUIRY
S. B. REG.
D 6813
Date 14 7 35

July 14, 1935.

3. 1.

Please prepare a memorandum on the Enforcement in the Settlement of Chinese Regulations Governing Wireless Sets and Broadcasting. The memorandum should be brief, but should cover all important points. It will be necessary to trace the subject from the time the extension to the Settlement of these regulations was first mooted until they were actually given the force of law.

A brief reference must be made to correspondence exchanged on the subject and meetings which took place. An account should be included of the different national groups and interests represented at these meetings and the differences in their view points which the discussion disclosed.

A paragraph should be devoted to an explanation of why the enforcement of the regulations were deferred, and the change, if any, in general conditions which would justify a change in policy.

Sub-Inspector Harpur has a comprehensive file on this subject and should be able to furnish the data required for the memorandum.

J. C. Guerns
D. C. (Special Branch).

Memorandum on Efforts by Municipal Authorities to Secure
Control of Private Radio Broadcasting Stations in Shanghai.

In November 1932, the Ministry of Communications of the National Government promulgated a set of regulations governing Private Radio Broadcasting Stations, a copy of which was sent to the S.M.C. by the International Telegraph Bureau.

The question of enforcement of the new regulations in the Settlement and French Concession was at once raised and a certain amount of correspondence was exchanged between the S.M.C., French Municipal Council, French Consul-General, Commissioner of Police and the Associated Advertisers.

The general consensus of opinion of the correspondents was that it was absolutely necessary that some sort of co-operative agreement should be reached between the authorities of the three areas, i.e. International Settlement, French Concession and Chinese controlled territory before any measures were taken in the matter of control of broadcasting stations.

Subsequently meetings were held by the different parties, including the Foreign Councils and Foreign radio merchants, interested in the control of broadcasting stations and a resolution was adopted by the latter group that the S.M.C. and F.M.C. get into touch with the Chinese Radio Administration Authorities with a view to ^{putting} ~~taking~~ the Chinese government regulations into effect

in the Settlement and French Concession. In the meantime the French Council suggested the formation of an International Commission consisting of two members from each of the three Authorities to determine the question of wave lengths and to maintain an understanding between the joint authorities. The Secretary of the S.M.C. expressed the opinion that the best method would be to proceed in the same way as in the enforcement of the Factory Law and that the Council only was competent to issue the necessary licences for all radio stations in the Settlement. These suggestions were understood to have been brought before the Municipal Council for discussion, but the matter seems to have been dropped, no definite decision being reached. As regards the attitude of the French Authorities, the Consul-General for France in October 1932 published a Consular Ordinance ordering wireless telegraph stations be added to the list of licensed establishments, and on the strength of this order, the French Council drew up regulations for the control of all radio stations in the Concession and now compel owners to take out licences.

In 1933 the International Telegraph Bureau of the Ministry of Communications commenced the inspection of radio broadcasting stations in the Settlement and in 1934 the same

Bureau issued registration forms to owners of private broadcasting and receiving apparatus in the Settlement. Regarding the distribution of registration forms by the Chinese radio authorities, the Secretary of the Council in April 1934 instructed the Commissioner of Police to report any attempt by the Chinese Authorities to enforce the radio regulations or to function otherwise in the Settlement, as this action was deemed inconsistent with the discussions which took place regarding the enforcement of the regulations in the Foreign Concessions.

In July 1935, two Search Warrants were received by the S.M.P. authorising the seizure of certain wireless transmitting and receiving sets and material, ^{but} ^{not} and it was clear at the time that the Chinese Authorities intended to apply the radio regulations in the Settlement. One of these warrants was executed after the matter had been referred to the Council. The ruling of the Council on this occasion was embodied in a letter dated July 10 from the Secretary and is as follows:-

"It is considered that the factor which must determine
*the Council's attitude is not the desirability or
*otherwise of enforcing particular Chinese regulations
*but the desirability of controlling wireless transmission.
*Wireless transmission is universally regarded as a matter
*which should be subject to governmental control. Moreover,
*the activities of wireless transmitters within the

"Settlement can in fact be hampered or assisted by
"action outside the Settlement.

"It is therefore considered that unless any
"specific cases arise which you may desire in your
"discretion to bring to the attention of the Council
"the ordinary practice of acting upon warrants duly
"issued by the District Court should be followed."

In the case referred to in which a wireless
transmitting and receiving set was seized, at the instance
of the Bureau of Telegraphs, prosecution on summons was
instituted under the Regulations Governing Electrical
Messages, promulgated by the National Government in August
1929. This case was disposed of on July 31, 1935, when
the radio set was confiscated and the owner fined \$60.
Regarding the receipt of another search warrant for the
seizure of radio apparatus, referred to on page 3, this
warrant was withdrawn at the instigation of the Shanghai
Telegraph Office, Ministry of Communications.

1
COPY

Office of the Municipal Advocate,
July 13, 1935.

2 8 35

Acting Commissioner of Police,

Re Seizure of a Wireless Transmitting and
Receiving Set and charging the responsible
party

Please find attached hereto original copy of a report relative to the above entitled matter made by Assistant Municipal Advocate Paul F.Y. Ru.

The Regulations Governing Electrical Messages is a law which has been regularly and duly enacted and promulgated by the Nationalist Government. For your information, we attach hereto a very rough translation of the regulations. The law in question does not in any way impinge upon or conflict with the Land Regulations and Bye-laws. Before giving any advice relative to the search warrant, we consulted the Secretary General and were advised to proceed with its execution. Since the execution of the search warrant, we have had a further conference with the Secretary-General, and he expressed the opinion that there was no reason why these regulations should not be enforced in the Settlement as against persons subject to Chinese jurisdiction.

Will you kindly cause the application for summons to be returned to the Court so that the summons may be issued and served in the regular way.

We are forwarding a copy of this letter, together with a copy of the attached report, to the Secretary General for his information. If you have any doubts, we suggest that you consult him direct.

R.T. Bryan, Jr. (signed),
Municipal Advocate.

Encls: 1/-Report of Assistant Municipal Advocate Ru.
2/- Translation of Regulations Governing Electrical Messages.

copy

Office of the Municipal Advocate.

July 13, 1935.

Municipal Advocate:

Re: Seizure of a Wireless Transmitting and Receiving Set and Charging of the responsible party.

Search warrant No. 7184 which was issued by Judge Dzien of the Shanghai First Special Area District Court to search and seize a wireless sending and receiving set was first approved by the Municipal Advocate and was then executed by the detectives of the Special Branch. Application for the disposal of the seized property was made in Open Court on July 2, 1935 before Chief Judge Dzien; one Chiang Tsung Hai was questioned by the Police and his written statement was produced.

The Court ruled as follows:

"The seized exhibits are to be temporarily detained. Whether or not action should be taken against the responsible person, the Police are to investigate and to deal with him in accordance with the law."

The Court did not instruct the Police to charge Chiang Tsung Hai as the power to prosecute rests with the Council. After the Court adjourned the undersigned was requested to go to the Chief Judge's chambers to discuss the matter. He pointed out that Article 21 of the Regulations Governing Electrical Messages as being the law under which

Chiang Tsung Hai should be charged and stated that the Court will be pleased if the case was prosecuted.

The undersigned reported ~~that~~^{the} case to Municipal Advocate who agreed with the Court and advised C.I. Mason to request the Police to charge the defendant under the Article mentioned above.

Application for summons for Chiang Tsung Hai under Article 21 of the said Regulation was forwarded to the Court by Central Police Station and was received and registered by the Court on July 5, 1935. After the Court had issued the summons and before the said summons was sent out by the Court on July 6, at 11:35 a.m. Mr. Wardrop came and stated to the Judicial Police that the said application needs some amendment and that the Court is requested to give the said application back to the Police for a very short period of time for the purpose of making corrections. Chief Judge Dzien, as a special favour to the Police, gave his consent and the said document was taken out of the Court with the understanding that it was only a favour and that the document in question should be sent back to the Court immediately after the corrections were made.

Nothing has been heard about the application since it was taken back by the Police, the Judicial

Police have been requested by the Chief Judge to get the application back several times but no result has been obtained. The Court can not send the summons out as there is no application for the same in its files, and no date can be set for the trial of the case, and as Chief Judge Dzien said this morning that the Court does not know what to do with the matter.

The undersigned was told this morning by the Court re the foregoing and was asked by the Chief Judge to make a written report to you with the request that you would take a very serious view of the matter and take it up with the Acting Commissioner of Police for a satisfactory settlement as the Court does not like to lay its official complaint before the Secretary General who may not know the facts of this case as thoroughly as the Municipal Advocate does.

PAUL P.Y. RU
Assistant Municipal Advocate.

- C O P Y -

Ref.No.K.19/1.

C/R C.9534.

10th July, 1935.

The Acting Commissioner of Police:

REGISTRATION OF RADIO BROADCASTING
IN THE SETTLEMENT

I have discussed with the Secretary-General your report of July 10, 1935. It is considered that the factor which must determine the Council's attitude is not the desirability or otherwise of enforcing particular Chinese regulations but the desirability of controlling wireless transmission. Wireless transmission is universally regarded as a matter which should be subject to governmental control. Moreover, the activities of wireless transmitters within the Settlement can in fact be hampered or assisted by action outside the Settlement.

It is therefore considered that unless any specific cases arise which you may desire in your discretion to bring to the attention of the Council the ordinary practice of acting upon warrants duly issued by the District Court should be followed.

(signed) G. Godfrey Phillips

Acting Secretary.

GGE/DB/

EXTRA COPY FROM A LETTER ^{OF} ^{FROM} COMMISSIONER OF POLICE
TO THE ACTING SECRETARY, S.M.C.

July 10, 1935.

The Acting Secretary,

S. M. C.

Subject:- Registration of Radio Broadcasting
in Settlement.

With reference to your letters of November 29, 1932, November 30, 1932 and April 10, 1934, I shall be glad if you will inform me of the present attitude of the Council towards the enforcement in the Settlement of (1) The Chinese Government Regulations regarding Private Radio Broadcasting Station, (2) Regulations Governing Electric Messages. The former rules were promulgated on November 24, 1932 and the latter on August 5, 1929.

This request is made in consequence of the receipt of warrants issued by the District Court for the First Special Area in Shanghai at the instance of the Shanghai Telegraph Office, Ministry of Communications. The first of these was issued on June 29, 1935 and authorised the seizure of a wireless transmitting and receiving set. The second was issued on July 9, 1935 and authorised the seizure of certain wireless transmitting and receiving material. After reference to the Municipal Advocate, as it was believed that in the first case there was connection with communist activities and the warrant was executed.

As subsequent events indicated that both warrants were issued with a view to the application in the Settlement of

Chinese Government Regulations concerning the use of wireless and broadcasting, the warrant issued on July 9, is being held up pending your reply.

(signed) K. M. Bourne.

Acting Commissioner of Police.

KMC.

EXTRA COPY

Special Branch

July 9, 1935.

Enforcement of Radio Regulations in the Settlement

On June 29, 1935, a Search Warrant, issued by the District Court for the First Special Area in Shanghai, at the instigation of the Shanghai Telegraph Office, Ministry of Communications, for the seizure of a wireless transmitting and receiving set at 8 The Bund, was forwarded to the Special Branch for execution.

The Warrant was passed to the Municipal Advocate for an opinion as to whether or not it should be executed. The Municipal Advocate expressed the opinion that it should be executed providing the interests of foreigners enjoying extraterritorial rights were not involved. The warrant was executed on July 1, and a wireless transmitting and receiving set seized. Application was made at the Shanghai Special District Court for its disposal and it is now detained by the Court pending further action by the Police.

On July 9, another warrant, issued under the same circumstances, was received for execution within the Settlement.

According to our files the question of enforcing radio regulations in the Settlement on behalf of the Chinese authorities has never been settled.

In November and December of 1932 correspondence passed between the Secretary to the Council and the Commissioner of Police regarding a unified system of control by the three authorities but no ruling was given. In a letter dated April 10, 1934, from the Secretary to the Commissioner of Police a request is made for reports to be submitted of any attempts at enforcing radio regulations or functioning by offices of the Bureau of International Telegraphs in the Settlement and French Concession.

In May, 1933 regulations governing the control of radio stations and broadcasting were drawn up by the C.M.F. and are being enforced in the Concession. According to Mr. Sarly of the Political Section of the French Police, Warrants issued by the 2nd Special District Court at the instance of other authorities, except a modern court of justice, are not recognized by the French Police.

(signed) H. Grubb.

C. D. I.

D.C. (Special Branch).

Remarks : -

French Police report with translation, regarding the enforcement of radio regulations in French Concession attached.

H. G. 10/7/35.

*Translation of French Police report
regarding the enforcement of
radio regulations in the French
Concession*

Search warrants issued at the request of the Bureau of Public Safety, for two secret stations of R.S.F. installed in the French Concession

Search Warrant No. 67 and 68

May 15, 1934

Jurisprudence, etc.

The two search warrants (photographs and translation attached) issued by the Second Special District Court on May 15, 1934 was not executed for the following reasons :-

- 1) Any regular proceeding which justifies the issue of the warrants is not brought, against the actual author, who is in this case one named Wang Shen, alias Wang Keong-ua, before a Chinese court, who is believed to have committed a misdemeanor outside of the F.C. (i.e. outside of territory under the jurisdiction of the Second Special District Court and the Third Branch High Court) and that the installed stations in the French Concession have been the means by which the misdemeanor was committed.
- 2) The two R.S.F. stations indicated in the Search Warrants No. 67 and 68 were installed in the F.C. The proceeding which the presence of these secret installations may eventually give rise can only be undertaken by one of the Chinese Courts in the F.C.
- 3) The Warrants are moreover practically null and void, because they have been issued at the request of an authority - The Chinese Police who have no authority to try cases in the F.C. or Mantao. The Authority in the French Concession lying exclusively within the province of the French Police by virtue of the ruling of Art. 4 of the Franco/Chinese Agreement, bearing on the formation of Chinese Courts in the French Concession.

*Reg. Please attach to file
on general policy vis a vis
broadcasting sets and wireless
installations in the Settlement.* J.P. 12 JULY 1935

4) Finally the fact of installing and working a wireless and transmitting station without the authorization of the lawful authority - if it constitutes an offence outside of the French Concession, an offence provided for and punished by a Chinese Administration. Regulations dated August 5, 1929, cannot only be in the French Concession by the terms of the Agreement dated July 28, 1931. (To see Chinese text which does not provide (Art.3) the applicability of the "Diao - Li," but only of "Tsang-Zeng" by Chinese courts in the French Concession) the object of action to be taken for the violation of municipal regulations concerning classified establishments Category C. (Consular Order no.115 Aug. 28, 1928 and Order no.154 Sept.30, 1932.)

In the case of proceedings under the head of accusations, it is evident that the initiative of the operations to be effected cannot anymore than proceedings properly called, be admitted to any other authority except the police of the French Concession.



Changhai, le 15 Mai 1934

SERVICES DE POLICE

SERVICE POLITIQUE

RAPPORT

N 07/S.

Objet : Mandats de perquisition émis à la demande du Bureau de la Sécurité Publique pour deux stations clandestines de T.S.F. installées sur la Concession Française.

Référé : Mandats de perquisition Nos 67 et 68 du 15 Mai 1934; Jurisprudences; etc..

Les deux mandats de perquisition dont reproduction photographique et traduction ci-jointes, émis par la 2ème Cour de district de la zone spéciale de Shanghai à la date du 15 Mai 1934, ne sont pas exécutoires pour les motifs suivants:

1°/ Aucune poursuite régulière qui justifierait l'émission des mandats n'est intentée contre l'auteur présumé, en l'espèce le nommé WANG-SHEN (王琛) alias WANG-KIUNG-BA (王君向) devant une Cour Chinoise, à raison de délits commis en dehors de la concession (c'est à dire en dehors du territoire où s'exerce la compétence de la 2ème Cour de district et de la 3ème section de la Haute Cour) et pour lesquels les postes installés sur la Concession Française auraient été des moyens d'exécution nécessaires.

2°/ Les deux stations de T.S.F. indiquées dans les mandats de perquisition Nos 67 et 68 étant installées sur la Concession Française, les poursuites auxquelles cette installation clandestine, pourraient éventuellement donner lieu, ne peuvent, en tout état de cause, être entendues que devant l'une des Cours Chinoises de la Concession Française.

3°/ Les mandats sont, enfin, entachés de nullité du fait qu'ils ont été émis à la demande d'une autorité - en l'espèce la Police Chinoise - qui ne jouit du privilège de représenter l'action publique ni sur la Concession Française, ni même à Kantao;

SERVICE POLITIQUE	
Enregistré le	17 MAY 1934
Seus No.	1514
Transmis à	
Pour	

ce privilège sur la concession étant exclusivement réservé à la Police Française, en vertu des dispositions de l'art.4 de l'accord franco-Chinois portant institution de Cours Chinoises sur la Concession Française.

4°/ Enfin, le fait d'installer et d'exploiter un poste émetteur de T.S.F. sans autorisation de l'autorité légitime, s'il constitue, en dehors de la Concession Française, un délit prévu et puni par un règlement d'administration publique Chinois (電信條例) du 5 Août 1929, ne peut faire, sur la concession, aux termes mêmes de l'accord du 28 Juillet 1931 (voir texte chinois qui ne prévoit pas (art.3) l'applicabilité des "Diao-Li" (條例), mais seulement des "Tsang-Tsang" (章程) par les Cours Chinoises de la Concession Française) que l'objet de poursuites pour violation du règlement municipal sur les établissements classés, Catégorie C. (Ordonnances Consulaires N°115 du 28 Août 1932 et N°124 du 30 Septembre 1932).

Dans le cas de poursuites sous ce chef d'accusation, il est évident que l'initiative des opérations à effectuer ne saurait non plus que les poursuites proprement dites, être recourue à une autre autorité que la Police de la Concession Française./.

Mandat de perquisition N° 67 de la Cour de District
pour la 2ème zone spéciale à Shanghai

A la suite d'une demande écrite du Bureau de la Sécurité Publique de Shanghai, nous ordonnons qu'une perquisition sérieuse soit opérée, d'après les renseignements donnés ci-après, et qu'un compte-rendu nous soit fourni, après cette opération.

Nom: WANG KIONG BA (王君白)
Profession: Directeur du Poste télégraphique
Lieu: N° 12 cité Yong-Ts-Li (龍德里), route
Pranticoe.
Motif: Installation clandestine d'un poste télégraphique d'émission et de réception des télégrammes commerciaux à ladite adresse.

Le 15 Mai de la 23^e année de la R.O.

Le Juge

(Cachet)

Le présent ordre est donné à FOU FOU ZIANG (傅福祥),
Agent de la Police Judiciaire.

Mandat de perquisition N° 68 de la Cour de District
Pour la 2ème 28me spéciale à Shanghai

A la suite d'une demande écrite du Bureau de la Sécurité Publique de Shanghai, nous ordonnons qu'une perquisition sérieuse soit opérée, d'après les renseignements donnés ci-après, et qu'un compte-rendu nous soit fourni, après cette opération.

Nom: WANG SHEN (王 申), alias WANG KIONG BA
(王 君 白).

Profession: Directeur du Poste télégraphique

Lieu: N° 78 passage Wu-Ks-Long, Sic-Dso-Yeu-Long, en face de Zi-Ks-Long, Route Yellon, Avenue Dubail. (高 班 路 78 号 为 我 局 对 面) 地 图 第 果 第 第 (40)

Motif: Installation clandestine d'un poste télégraphique d'émission et de réception des télégrammes commerciaux.

Le 15 Mai de la 25ème année de la R.C.

Le juge

(Cachet)

Le présent ordre est donné à XI SHU PING, Agent
de la Police Judiciaire.

EXTRA COPY FROM A LETTER OF SECRETARY, S.M.C. TO
THE COMMISSIONER OF POLICE

10th April, 1934.

The Commissioner of Police:

Attached is a set of documents circulated by the Bureau of International Telegraphs concerning registration of owners of radio broadcasting and receiving apparatus.

This claim to registration is not consistent with the conversations which have taken place concerning enforcement of radio regulation in the Settlement and in the French Concession, and I shall be glad to have any attempt at enforcing these regulations or at the functioning in the Settlement of officers of the Bureau of International Telegraphs reported to me.

(signed) J. R. Jones.
Secretary.

Encls.
JRJ/DB.

TRANSLATION FROM FRENCH CONSULAR ORDER NOS 732 dated June 10, 1933.
AND 270 dated October 23, 1934.

REGULATIONS GOVERNING PRIVATE WIRELESS STATIONS.

ARTICLE 1. The regulations governing wireless stations. These posts are governed by all previous regulations, with the exception of those articles cancelled by the present rules, subject to the arrangement on the establishment classes.

ARTICLE 2. The station is named "Wireless Radiotelephone Transmitting Station" and all stations of T.S.F. the waves of which are modified to speech and music.

ARTICLE 3. The data required by regulation 5 of the establishment will be sent to the office of the Establishment Classes, and will contain the following particulars.

"Questionnaire containing the following questions".

- a). Name of the person or society who wishes to establish the station.
- b). Position of the transmitting Room and Studio.
- c). Strength of transmission in Watts and Kilocycles, which will be used for broadcasting.
- d). Object, nature and time of transmission.

also the following will be added:-

- 1). A plan of the set.
- 2). A plan to the scale of 1/200 of the premises occupied.

The owner will have to accept the present Municipal Rules as well as any rules which might be issued in the future.

ARTICLE 4. The Municipal Authorities will assign to the station a certain wave length, which will be adhered to.

The amplitude of the frequency band used on transmission should not be exceeded in case of interference of broadcast of other stations.

ARTICLE 5. The wave length will be kept at the authorised frequency as well as the scientific conditions of the permit. The radiations will be exempt from all transmission that is not essential to effective communication.

ARTICLE 6. Wireless Stations are prohibited from the following:-

- a). .broadcasting political propoganda, or the announcing of false rumours.
- b). Giging programmes contrary to the public morals.
- c). Interrupting the broadcast of other radio stations.

ARTICLE 7. All modifications which will felicitate broadcasting will be submitted to the Municipal Administration for approval.

ARTICLE 8. The Licence, besides covering the Class Establishment "C" also gives authority to conduct experiments. The licence does not guarantee immunity from interference from other broadcasting stations.

ARTICLE 9. The Licence is valid from ~~the~~ January 1. to December 31, and cannot be transferred without the authority of the municipal Administration. The Price of the licence is (see list of taxes).

ARTICLE 10. The authority to experiment is liable to be cancelled, and the licence will be withdrawn, without compensation, for the following reasons.

- a). If the owner is guilty of an infringement of the present rules and the rules of the establishment classes.
- b). if the owner does not observe the conditions which have been imposed on the establishment and working of a station.
- c). If the owner uses his post for any other object than that stated in his application form.
- d). If he interferes in any way whatsoever in the functioning of Public Utility Services such as Wireless and Radio Telephone message ~~an~~ by using a high or a low frequency.

ARTICLE 11. Any infringement of these regulations will be punished in accordance with the instructions laid down in the Establishment Classes

Article 6. correction,

- d). Wireless Stations are prohibited from transmitting news and private messages.

TRANSLATION FROM FRENCH CONSULAR ORDER NOS 732 dated June 10, 1933.
AND 270 dated October 23, 1934.

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- 2). A plan to the scale of 1/200 of the premises occupied.

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The licence does not guarantee immunity from interference from other broadcasting stations.

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The Price of the licensee is (see list of taxes).

ARTICLE 10. The authority to experiment is liable to be cancelled, and the licence will be withdrawn, without compensation, for the following reasons.

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- b). If the owner does not observe the conditions which have been imposed on the establishment and working of a station.
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Establishment Classes

Article 6. correction,

- d). Wireless Stations are prohibited from transmitting
news and private messages.

REGLEMENT SUR LES POSTES PRIVES D'EMISSIONS RADIOPHONIQUES.

(Ordonnances Consulaires Nos 732 du 10 Juin 1933 et 270 du 23 Octobre 1934)

Art. 1 - Les dispositions spéciales ci-dessous régiront les postes d'émissions radiophoniques.

Ces postes restent en tout ce qui n'y est pas dérogé par le présent règlement, soumis aux dispositions générales sur les établissements classés.

Art. 2 - Est dénommé "Poste d'Emission Radiophonique" tout poste de T.S.F. dont les ondes sont modulées soit par la parole soit par la musique.

Art. 3 - La demande prévue à l'article 5 du règlement sur les Etablissements Classés, sera adressée au Bureau des Etablissements Classés. Elle comprendra les pièces suivantes :

Une demande contenant les renseignements suivants :

- nom de la personne ou de la société qui désire exploiter le poste,
- emplacement exact du poste émetteur et des studios,
- puissance antenne rayonnée en watts et longueur d'onde que l'on se propose d'adopter,
- but, nature et horaire des émissions.

A cette demande seront joints :

- a) - Un plan technique de l'ensemble émetteur,
- b) - Un plan au 1/200 des locaux occupés.

L'exploitant devra en outre s'engager à accepter les règlements municipaux présents et futurs.

Art. 4 - L'Administration Municipale assignera au nouveau poste une longueur d'onde sur laquelle il devra rigoureusement se tenir.

La largeur de la bande de fréquence occupée par l'émission devra répondre raisonnablement aux progrès de la technique,

cela afin de ne pas produire de brouillage nuisible dans le travail des postes auxquels seront attribuées les bandes de fréquence immédiatement voisines.

Art.5 - Les ondes émises devront être maintenues à la fréquence autorisée, aussi exactement que le permet l'état actuel de la technique. Leur rayonnement devra être exempt de toute émission qui n'est pas essentielle au type de la communication effectuée.

Art.6 - Il est interdit aux postes radiophoniques;

1° - de faire de la propagande politique ou de répandre des nouvelles pouvant troubler l'ordre public,

2° - de donner des programmes contraires à la morale,

3° - de transmettre des nouvelles et messages privés,

4° - de brouiller les autres postes radiophoniques.

Art. 7 - Toute modification apportée au but ou à la nature des émissions devra immédiatement être soumise à l'approbation de l'Administration Municipale.

Art. 8 - Outre la patente prévue pour les établissements classés catégorie "C", l'autorisation d'exploiter comporte la délivrance d'une licence.

La licence est délivrée sans garantie contre la gêne mutuelle qui serait la conséquence du fonctionnement simultané d'autres postes.

Art. 9 - La licence est annuelle et valable du 1er Janvier au 31 Décembre de l'année en cours. Elle ne peut être transférée à des tiers sauf autorisation de l'Administration Municipale.

Le coût de la licence est de : (Voir barème des Taxes)

Art. 10 - L'autorisation d'exploiter est révoquée et la licence pourra être retirée sans indemnité dans les cas suivants :

a) - si l'exploitant commet une infraction au présent règlement et au règlement sur les Etablissements Classés;

b) - s'il n'observe pas les conditions particulières qui lui ont été imposées pour l'établissement ou l'utilisation de

son poste;

c) - s'il utilise son poste à d'autres fins que celles qui sont prévues dans l'autorisation ou la déclaration;

d) - s'il apporte un trouble quelconque au fonctionnement des services publics utilisant soit la voie radioélectrique ou radiotéléphonique, soit la télégraphie ou la téléphonie sans fil, à haute ou basse fréquence.

Art. 11 - Les infractions au présent règlement seront punies des peines prévues au règlement sur les Etablissements Classés./.

EXTRA COPY

December 16, 1932.

The Secretary,

S. M. C.

Reference your letters No.4385, dated the 29th November and 30th November respectively.

It is an admitted fact that some form of official control of radio broadcasting is essential. Apart from the general complaint as to the chaotic state of affairs in this respect I may state that the Police Broadcasting has been very seriously interfered with during the year and in most cases it has been found that the mushroom growth of irresponsible broadcasting establishments under no form of control is responsible. There is further the great danger that uncontrolled radio broadcasting will present in the near future a serious menace to the peace and good order of the Settlement as there are many evil uses to which radio broadcasting can be put.

Control in the Settlement without a similar form of control in the French Concession and in Chinese Territory would be useless. There is a limit to the number of broadcasting stations that can operate in the three areas, and without co-operation between the three authorities the allotting of wave lengths would not be possible. It is, therefore, obvious that a satisfactory system of control can be introduced only if the three authorities come to a common agreement on the number of stations to be permitted in each area and the wave lengths to be allotted to each station.

The new Chinese regulations, if they were applied in the Settlement, would effect Chinese owned stations only and Foreign owned stations could operate without control. The application of these regulations would not therefore solve the difficulty.

It would therefore appear necessary that a general working agreement be come to between the authorities of the three areas, and that suitable licensing byelaws be introduced in accordance with such agreement which could be enforced in the Settlement in the case of all radio broadcasting stations, whether Foreign or Chinese owned.

If suitable byelaws are introduced, it would not be difficult for the Police to enforce them.

(signed) F. W. Gerrard.

Commissioner of Police.

EXTRA FROM A LETTER OF SECRETARY, S.M.C. TO THE
COMMISSIONER OF POLICE

30th November, 1932

The Commissioner of Police

Further to my S/O of yesterday on the subject of co-operation with the French authorities in radio matters, I am sending you herewith a copy of a translation of the Regulations governing broadcasting stations received from the Ministry of Communications. I shall be glad to have your views on this matter and upon the general question of co-operation with the French authorities.

Attached.

I also attach a copy of a translation of the French Consular Ordinance published in the "Bulletin Municipal" of October 16, 1932, and a copy of a letter received from the Associated Advertisers on the same subject.

(signed) J.R. Jones.

Secretary.

Encls.
DB.

Provisional Regulations Limiting Private Radio
Broadcasting Stations.
Promulgated by the Ministry of Communications
on November 24, 1932.

- ARTICLE 1. Where radio transmitters are used in broadcasting speech and music, such place shall be called a radio broadcasting station. The establishment and operation of the same shall be in accordance with the provisions of these Regulations.
- ARTICLE 2. Citizens of the Republic of China, corporations with all Chinese capital, schools and organizations duly registered with the National Government and/or other organizations legally organized may establish and operate radio broadcasting stations in China, provided that such stations may be constructed only after permits have been first obtained from the Ministry of Communications. Corporations which do not have all Chinese capital and organizations not managed entirely by Chinese citizens must be registered with the National Government. After registration certificates have been obtained, permits may be applied for and radio broadcasting stations established in China.
- ARTICLE 3. The following particulars must be fully stated by a responsible representative in the application for permits to construct radio broadcasting stations :-
- (1) Name, organization, domicile, and manager of the station.
 - (2) Object of the station.
 - (3) Name of the station together with a business prospectus therefor.
 - (4) Power of the transmitter, location and detailed engineering plans. (To be accompanied by drawings)
 - (5) Location of the broadcasting room.
- ARTICLE 4. Each application must be accompanied by a fee of \$10 for the permit and \$1 stamp duty.

- ARTICLE 5. The permits are to remain effective for six months from the date of issue. However, should the applicant fail to complete the station within this period due to some special cause, an extension of three months will be granted upon application to the Ministry of Communications. Such extension can be granted once only.
- ARTICLE 6. Upon the completion of the construction of the radio broadcasting station, its manner of construction, machines and other equipments shall be examined by special representatives from the Ministry of Communications. If they are satisfied that everything is in order, a licence to operate a radio broadcasting station will be issued and the permit for construction of the same be revoked.
- ARTICLE 7. Each application for licence must be accompanied with a licence fee of \$50, stamp duty of \$2, together with a cash security of \$200 or a reliable shop guarantee of \$1000. In case no fines are imposed and deducted from the cash security or after impositions of fines there is still some money on deposit, the whole or the part remaining will be refunded to the licensee upon termination of his business or upon expiration of the period stipulated in the licence.
- ARTICLE 8. When the formal regulations governing radio broadcasting stations are promulgated, a new licence shall be applied for.
- ARTICLE 9. In case the licence is lost or modifications are to be made in respect of the matters stipulated therein, the holder must inform the Ministry of Communications and shall submit an application containing reasons within 7 days to the Ministry for another licence to be issued.

Article 10 Application for the issuance of a new license or for the changing a license must be accompanied with a license fee and stamp duty fee in accordance with article 7. This provision shall not apply, however, if the license is changed by order of the Ministry of Communications.

Article 11 Licenses for radio broadcasting stations are not transferable.

Article 12 The calling signals of the radio broadcasting stations shall be designated by the Ministry of Communications.

Article 13 The frequency used by radio broadcasting stations shall be designated by the Ministry of Communications. The said Ministry shall test and regulate the frequency from time to time, so that there shall not be a difference of exceeding $\frac{2}{10000}$ th of the designated frequency.

Article 14 The operator of a station must try his best to reduce the power of the tuning wave on the aerial as low as possible in order to avoid interference with other stations. If the power of the tuning wave is too great, the Ministry of Communications may from time to time order him to improve it or to suspend operation.

Article 15 During broadcasting, a radio broadcasting station must announce its calling signal once every thirty minutes and give a brief report in respect of the frequency used by said station.

Article 16 The Ministry of Communications may, whenever it shall deem fit, alter the stipulations contained in the license and the provisions of articles 10 and 11.

Article 17 The subjects of broadcasting must be confined to the following:-

- (1) Lectures or speeches calculated to promote public welfare.
- (2) News reports (subject however to prohibition in case of necessity)
- (3) Music, songs and other similar programmes.
- (4) Reports concerning business matters (provided that the time taken up does not exceed 20% of the daily broadcasting hours)

Article 18 The Ministry of Communications may instruct private broadcasting stations to broadcast Government news concerning government activities and beneficial to the public. Should the Ministry propoganda/deem necessary, such government news must be broadcast before the ordinary programmes of the station.

Article 19 In case of emergency calls from stations on board ships or airplanes, all private stations, upon receiving same or being notified by the stations along the coast or in the interior controlled by the Ministry of Communications, must stop broadcasting immediately, in order to avoid disturbing such calls and to facilitate the transmission of the emergency calls. The said stations must ascertain that the transmission of the emergency calls has actually ended or are assured of that no disturbance will result, before the broadcasting may be continued according to the original programme.

Article 20 No broadcasting station which has not duly obtained the necessary licence from the Ministry or whose licence has been revoked or lost and a new licence not been applied for will be allowed to operate.

Article 21 The Ministry may appoint special representatives to examine and inspect, from time to time, the documents, licences, books, charts and tables of the various stations. Stations are not allowed to refuse examination or inspection on any

pretext.

Article 22 No private radio station shall violate any one of the following conditions:-

- (1) To disturb or hamper the operation of Government, Military or Naval and public broadcasting stations.
- (2) To disobey the instructions or direction of special representatives sent by the Ministry of Communications.
- (3) To communicate with any broadcasting station.
- (4) To broadcast unauthentic news.
- (5) To transmit private messages.
- (6) To broadcast news, speeches, songs or stories which are contrary to public peace or good morals.
- (7) To disturb the broadcasting of other stations.

Article 23 Provisions of the International Radio Broadcast Convention and its appendices, in so far as they are not contrary to these Regulations, will also be considered applicable in regard to private broadcasting stations.

Article 24 All laws, statutes and orders promulgated by the Ministry of Communications of the National Government and the various provisional rules governing wireless telegraphy, in so far as they are not contrary to these Regulations, will also be considered applicable in regard to private broadcasting stations.

Article 25 In the event of any station violating any one of the provisions of these Regulations, the Ministry of Communications may impose any of the following penalties:-

- (1) Suspension of operation.
- (2) Revocation of licence
- (3) Confiscation of radio apparatus and/or a fine of not less than \$50 and not more than \$2,000.

Article 26 In case of violation of any of the provisions of these Regulations by a radio broadcasting station, the person in charge of it shall bear the entire responsibility.

Article 27 Any deficiencies in these Regulations may be made and promulgated by the Ministry of Communications from time to time.

Article 28 These Regulations shall be enforced on the day of their promulgation.

- C O P Y -

Extract from "Bulletin Municipal" dated October 6, 1932

No.154

Consular Ordinance

I, Jacques Meyrier, Consul-General for France at Shanghai, Chevalier of the Legion of Honour, by virtue of Article XIII of the Regulations governing the Municipal organization of the French Concession of Shanghai published in Ordinance of January 15, 1927.

hereby order the following:-

Wireless Telegraph Stations are to be added to the list of licensed establishments classed as Category C promulgated in Annex 3 of Consular Ordinance No. 115 of August 28, 1928.

Executed at Shanghai, at the
Consulate-General,
September 30, 1932.

Consul-General for France.

(signed) J. Meyrier.

Certified True Copy
Shanghai, September 30, 1932.

Chancellor,

(signed) M. Bernard.

copy of FROM
EXCERPT FROM A LETTER OF SECRETARY, S.N.C. TO THE
COMMISSIONER OF POLICE

29th November, 1932.

The Commissioner of Police:

Mr. Jacques Coiffard, of the French Consulate General, called on me yesterday and showed me the new radio regulations of the National Government which were published in yesterday's press. These regulations envisage the licensing and inspecting, to be enforced by fines and confiscation, of radio stations and their apparatus in Shanghai.

The French Consul General and the French Municipal authorities are anxious to regulate the activities of these stations in the Concession, and they are very anxious to obtain the co-operation of the Council and, if possible, of the Chinese authorities. So far as the co-operation of the Chinese authorities is concerned Mr. Coiffard suggested that it might be possible to arrange a different wave length for each of the three municipalities.

The French authorities are already endeavouring to license these stations, and as they are uncertain as to the means of enforcement at present until they have the co-operation of the Settlement they attempt to do so by means of a provisional licence.

It is unlikely that the Council would allow the inspection and enforcement by confiscation or otherwise of the new rules in the Settlement. I shall be very glad, however, to have your views upon the new regulations and the question of the possibility of the enforcement of some of them by the Council under a scheme which

would involve inspection and enforcement by the Council in co-operation with the French authorities. It is suggested that an expert from the Police might consult with the French Consulate General to discuss the matter in a preliminary way.

Mr. Coiffard handed me a list of radio station in Shanghai and particularly referred to a station in the Settlement, Ho Tung & Co., 598 Ningpo Road, which was giving them considerable trouble.

I enclose the statement given me by Mr. Coiffard as well as a list of short wave stations published in the "Amateur Radio" of November 15.

(signed) J. R. Jones.
Secretary.

Encls.
DB.

SPECIAL INQUIRY

FEDERAL BUREAU OF INVESTIGATION
S. B. REG.

D. C. 6114

Date 7/14/35

July 14, 1935.

S. 1.

Please prepare a memorandum on the Enforcement in the Settlement of Chinese Regulations Governing Wireless Sets and Broadcasting. The memorandum should be brief, but should cover all important points. It will be necessary to trace the subject from the time the extension to the Settlement of these regulations was first mooted until they were actually given the force of law.

A brief reference must be made to correspondence exchanged on the subject and meetings which took place. An account should be included of the different national groups and interests represented at these meetings and the differences in their view points which the discussion disclosed.

A paragraph should be devoted to an explanation of why the enforcement of the regulations were deferred, and the change, if any, in general conditions which would justify a change in policy.

Sub-Inspector Harpur has a comprehensive file on this subject and should be able to furnish the data required for the memorandum.

D. C. (Special Branch).

Original sent to
Sec. on 14-7-35.
In. 14/7.

6813
17-9-35

September 16, 1935.

Bureau of Social Affairs,
Tsingtao City Government,
Tsingtao.

Dear Sirs,

With reference to your despatch No. 450,
dated September 7, 1935, to the Shanghai Municipal
Council, I have to inform you that the wireless sets in
question were confiscated by the Shanghai Special
District Court on July 31, 1935.

(Sd) K. M. Bourne.

Acting Commissioner of Police.

JR

14 SEP. 1935

〇六六一三

還復者某奉

二部內文下奉年九月七日

貴局第四吾致下函以檢交易所主任轉請發還電檢函信

查核辦理等由准此查該項電檢業經上海第一特種地方

院於本年八月廿一日^{子二}研竣沒收之夫相應呈復仰希

查照刊為此致

青島市社會局局長儲

代理局長文



廿四年九月廿六日

Translation of document No. 150 to 20012
from the Bureau of Postal Affairs,
Tientsin City Government.
Date: Tientsin, Tientsin, 1935.

RECEIVED
SEP 11 1935
Tientsin

Radio in Tientsin.

As you received the following petition from the Stock and
Produce Exchange in Tientsin:

"The Chinese Currency Exchange (brokers' association)
of this Exchange has written as follows:

"On 19th December, 1934, when your Exchange was
closed business, our Association established in Shanghai
a radio station for the quick transmission of market re-
ports. For special reasons our Association was soon after
dissolved. The radio set was packed up and stored with
the Shanghai office of the Li Feng Establishment (利豐號
中莊). Later, when that Establishment closed, the
set was sent by Chiang Tsung-hei (姜振海, an employe
of the Hsi Tseng Ho Seng (義成和), to a certain Mo Ching-
tao (馬仰堂) for temporary keeping. A letter from
Chiang Tsung-hei states:

"The radio set has been discovered and seized by
the Council. I declared it to be the property of the
Tsingtao Stock and Produce Exchange but was told that
if this is so, the Tsingtao Exchange should write to
the Council to confirm the statement (number and make
of the set must be given) and the set will be released
if nothing irregular attaches to it."

"This is to confirm the declaration as being correct. Your
Bureau is asked to request the Council to release the set."

Will the Council kindly look into the matter. A statement
of the number, make and other particulars of the radio set sub-
mitted by the petitioner is enclosed herewith. Reply solicited.

(dropped)

Zu Tseng.

REFERRED TO
POLICE FORCE
FOR NECESSARY ACTION DIRECTOR
10 SEP. 1935



Statement of number and make of
Radio Set.

One 150 watt short wave broadcasting radio set, made by the
Tsung Hwa Radio Research Institute.

Two RCA 852 tubes.

One 3 tubed direct current short wave radio receiving set.
A complete set of radio outfit.



Translation of despatch No.450 to Council
from the Bureau of Social Affairs,
Tsingtao City Government.
Dated: Tsingtao, 7th September, 1935.



Private radio set.

We have received the following petition from the Stock and Produce Exchange in this city:

"The former Currency Department (Brokers' Association) of this Exchange has written us as follows:

"On 19th September, 1932, when your Exchange commenced business, our association established in Shanghai a radio station for the quick transmission of market reports. For special reasons our association was soon after dissolved. The radio set was packed up and stored with the Shanghai office of the Li Fung Establishment (利豐號申莊). Later, when that Establishment closed, the set was sent by Chiang Tseng-hei (姜振海), an employe of the Nyi Zeng Ho Shop (義成和), to a certain Ho Ching-tong (馬錦堂) for temporary keeping. A letter from Chiang Tseng-hei states:

The radio set has been discovered and seized by the Council. I declared it to be the property of the Tsingtao Stock and Produce Exchange but was told that if this is so, the Tsingtao Exchange should write to the Council to confirm the statement (number and make of the set must be given) and the set will be released if nothing irregular attaches to it."

This is to confirm the declaration as being correct. Your Bureau is asked to request the Council to release the set."

Will the Council kindly look into the matter. A statement of the number, make and other particulars of the radio set submitted by the petitioner is enclosed herewith. Reply solicited.

(chopped)

Zu Tseng.



Statement of number and make of
Radio Set.

One 150 watt short wave broadcasting radio set, made by the
Tsung Hwa Radio Research Institute.

Two RCA 852 tubes.

One 3 tubed direct current short wave radio receiving set.

A complete set of radio outfit.



OFFICE:
40 NINGPO ROAD
SHANGHAI, CHINA
TELEPHONE 10256
300 ROUTE WINLING
TEL. 70453

②
DR. WEI WEN-HAN
ATTORNEY & COUNSELLOR-AT-LAW

68713/2
No. S. U. 1 士博學法
Date

魏文翰律師
上海
南京路
四三二號
電話
五三〇六

August 10, 1935.

Mr. T. P. Givens,
Deputy Commissioner.

Dear Sir,

RE: a radio broad-casting set found in
No. 8, The Bund, contrary to Articles
3, 7 and 21 of the Regulations Govern-
ing Transmission of Telegraph Messages.

In connection with the above matter, I on behalf
of The Chinese Government Telegraph Office of Shanghai
have made a call at your office and have informed you that
a man by the name of Tsiang Ching Hai (姜靜海) is res-
ponsible for the offence. Now from the news-item of Sin
Wen Pao - a local daily of July 25, 1935, it was reported
that the man, Tsiang Ching Hai, was brought to court and
was again released upon a bond of \$200.00.

Kindly advise me in brief the present standing
of the case. Your prompt attention shall be appreciated.

Yours faithfully,

Dr. Wei
Dr. Wei informed.
At August 12

SI,
Please ascertain the
information required and
call on Dr. Wei and let
him know.

J.P.S.
10 AUG. 1935

S.P. Mackay
10/8/35
Wang
J.P.S.

1 22 F
G. 000.1.33

Special Branch
SHANGHAI MUNICIPAL POLICE

CRIME DIARY.

REC.
B. D. 1935
2

CRIME REGISTER No: - Misc. 284/35.

"A" Division
Central Police Station.
Aug. 1st, 1935.

Diary Number:	8.	Nature of Offence:
Time at which investigation begun and concluded each day		Places visited in course of investigation each day

RECORD OF INVESTIGATION.

Assistance to Chinese Authorities.

Accused appeared before the S.S.D. Court on 31-7-35 and was sentenced as follows:-

"Fined \$60.00 or 30 days labour for installing a radio, without obtaining permission. Radio set confiscated. Sentence to be executed immediately."

Hancock
D.S.

RW
San Det. i/c.

61 Street Branch

D.D.O. "A".

\$I, Please note and pass Wkey. to file
noted.

[Handwritten mark]

W. K. D.S.

MS
2 AUG 1935

F. 27 P.
G. 6081 35

Special Branch

SHANGHAI MUNICIPAL POLICE.

S. B. REGI. DIV.

CRIME DIARY.

No. D. 6813
Date 20 7 35

CRIME REGISTER No:— **Misc. 284/35.**

"A"
Central Division.
Police Station.

July 19, 19 **35.**

Diary Number:— **6**

Nature of Offence:—

Time at which investigation begun and concluded each day

Places visited in course of investigation each day

RECORD OF INVESTIGATION.

Assistance to Chinese Authorities.

- (1) L e Ngoh Tung (李榮東); exchange broker.
- (2) Tse Loh Kah (謝樂家); exchange broker.
- (3) Chu Ping Pao (朱平保); exchange broker.
- (4) Di Ching Woo (狄清五); exchange broker.

Chiang Tsung-hai in connection with this file brought the above 4 named gentlemen to Central Station at 10.20 a.m. 14-7-35 who had arrived from Tsingtao for the purpose of enquiring into this matter.

These gentlemen wished to see the wireless set for the purpose of identity, but this favour was not granted owing to the fact that they could not give a description of the set.

They were advised to write a letter to Tsingtao asking for all particulars regarding the set and to have the necessary permits sent to Shanghai. These gentlemen agreed to send the necessary letter to Tsingtao and on receipt of a reply inform the station.

On 15-7-35 a summons for the appearance in the S.S. D. Court of Chiang Tsung Hai was applied for and received on 17-5-35 at the station.

At 9 a.m. 18-7-35 C.D.S. 11. served the summons (Chiang Tsung Hai at the Tong Yoeh Kong Hong, 44 Canton Road for his appearance in the S.S.D. No. 2 Court at 9.30 a.m. 24-7-35.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.

..... Police Station.

..... 19

Diary Number:—

C/Sheet No. 2.

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
--	--	--	--

RECORD OF INVESTIGATION.

Up to the present the aforementioned gentlemen have failed to produce necessary evidence.

Hancock S.
D.S. 266.

Sen. Det. i/c.

D. D. C. "A".

SI,
Further report and due course please.
MA.

Special Branch
SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
 S. & REGISTRY.

CRIME DIARY.

No. 6513

Date 1 1 1935

CRIME REGISTER No.— **Misc. 284/35.**

Division
 Police Station

Diary Number— **5.**

Nature of Offence—

Time at which investigation begun and concluded each day	9 a.m. to 11 a.m. 3 p.m. to 4 p.m. 10-7-35.	Places visited in course of investigation each day	41 Canton Road. Office.
--	---	--	----------------------------

RECORD OF INVESTIGATION.

Assistance to Chinese Authorities.

Enquiries made by C.D.S. 115 at 41 Canton Road ascertained that Chiang Tsung-hai had sent a letter to Wong Te-chun, Tsingtao, asking for the necessary evidence to prove that the permission of the Chinese Authorities had been obtained for the Wireless Transmitting and Receiving Set found in his possession and the following reply was received:-

"Envelope

Toong Kur, Tsingtao.

Mr. Chiang Tsung-hai,
 c/o Doong Foh Lur (F.L.), shop,
 corner of Canton & Kiangse Roads.

Mr. Tsung-hai,

We received your letter the day before yesterday. We have noted that the radio set of the Exchange has been seized by the Telegraph Administration with the assistance of the S.M.C. At 8 a.m. yesterday a meeting of fellow traders was convened to discuss the matter. As the attendance did not know the exact circumstances, they wrote a letter to Sung Tung-chun (S.T.C.) of the Doong Lee (D.L.) Firm. On receiving a detailed account of the case from him the Exchange will certainly produce testimonials.

Yours, etc.
 Wong Te-chun."

P.S. If Mr. Ma Ching-dong writes to the Exchange, it will also do.

*C. D. J. Grubb,
 S.I.,
 Please continue
 inquiries and
 report any facts
 which come to
 light. J.H.
 11 JULY 1935*

Sen. Det. 1/c.

[Signature]
 D.S. 266.

D.D.O. "A".

Special Branch:

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 1813
Date 7/7/35

"A"

Misc. No. 284/35.

Central

July 6,

35.

4

Memorandum to Chinese Authorities.

Following instructions from D.D.O. "A", Det. Insp. Wangtong stopped the application for the summons against Chiang Tsung Kai, which was applied for on 4-7-35 according to articles 1, 7 & 25 of the Regulations Governing Electrical Messengers.

Bancroft

D.S. 266.

K.H.
D.D.O. "A".

D. D. O. "A".

SI, Please get ~~see~~ all files on the Report forwarded subject of the control of radios and July 6, 1935 ^{C 9534} broadcasting in the Settlement, and a copy of the Regulations Governing Electrical Messages. Parts of these files which have a bearing on the present case should be flagged. Do the French Police enforce these regulations, and have they any understanding with the Council on the subject?

JR 6 JULY 1935

THE CHINA PRESS, FRIDAY, JULY 5, 1935

SHANGHAI MUNICIPAL POLICE	
S. B. REGISTRY.	
No. D	6813
Date	6 17 1935

Police Investigate Unregistered Radio Set

Settlement police are investigating circumstances concerning the operation of an unregistered radio station, seized two days ago in a godown at 8 the Bund.

The radio was not in operation at the time it was seized nor was anyone found on the premises. It was discovered in a small room on the premises and the equipment, consisting of both receiving and sending sets, was found in a box.

Nothing of a communistic nature in connection with the operation of the equipment has yet been discovered by the police. The set has been shown to the judges of the First Special District Court, where it is now being kept pending further investigation.

Handwritten initials and scribbles

1/22 P.
G. 1935

Special Branch.

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTER
No. <u>D 6813</u>
Date <u>5 7 35</u>

CRIME DIARY.

CRIME REGISTER No: Fiacc; 284/35.

"A" Division.
Central Police Station.
4th. July 1935.

Diary Number:—	<u>3.</u>	Nature of Offence:—	
Time at which investigation begun and concluded each day	<u>3 45.p.m. to 4 25.p.m. 3-7-35.</u>	Places visited in course of investigation each day	<u>Legal Department.</u>
	<u>4 15.p.m. to 4 30.p.m. 4-7-35.</u>		<u>Office.</u>

RECORD OF INVESTIGATION.

Assistance to the Chinese Authorities.

As a result of the Judge's decision in the S.S.D. Court on 2-7-35. (See diary No. 2.) the undersigned interviewed C/I. Mason of the Legal Department as to what action should be taken in connection with this case and he instructed the undersigned to proceed by summons against the responsible person namely Chiang Tsung Hai according to Articles 3, 7, & 21. of the Regulations Governing Electrical Messages.

A S.S.D. Court summons has today 4-7-35, been applied for against Chiang Tsung Hai.

Hancock
 D.S. 266.

Chi
 C.I. Det;.....

D.D.O. "A".....

Form 5
6-1-35

Special Branch

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

SHANGHAI MUNICIPAL POLICE

6813

CRIME DIARY.

July 4 1935

"A" Division.

Central Police Station.

CRIME REGISTER No:— Misc. 284/35.

July 3rd, 1935.

Diary Number:— 2.

Nature of Offence:—

Time at which investigation begun and concluded each day	10 a.m. to 11.30a.m. 2-7-35.	Places visited in course of investigation each day	Shanghai Special District Court.
--	---------------------------------	--	----------------------------------

RECORD OF INVESTIGATION.

Assistance to Chinese Authorities.

Application for the disposal of the seized property in connection with this file was made in the above named Court on 2-7-35 and the following decision was given.

Decision.

The seized exhibits are to be temporarily detained. Whether or not action should be taken against the responsible person.

The Police are to investigate and deal with him in accordance with law.

Amcarasc
D.S. 266.

Sen. Det. i/c.

D.D.O. "A" Div.

Joh
4 JULY 1935

RED RADIO STATION OWNERS SOUGHT

Settlement Police Make Raid On Private Station Here

The Chinese Government's action in preventing communists and other seditious elements in Shanghai from communicating with their comrades in the interior has now been revealed in an order issued by the Ministry of Communications prohibiting private radio station in Shanghai. In accordance with this policy the Settlement police has conducted a raid on such a radio station where a radio set equipped with both sending and receiving apparatus has been seized.

This radio set has been shown to the Judges of the First Special District Court where it is now being kept in custody pending further investigations. It is understood that should police investigations reveal that the radio station has been existing for carrying on reactionary work detrimental to the Republic, then the alleged owner will be charged.

The raid recently took place at 8 Whangpoo Road. Armed with a search warrant several foreign and Chinese police officers of the S.M.P. visited the premises of the hong and there in a small room they found a wooden box containing the radio set.

The Ministry of Communications has advertised in leading Chinese newspapers during the past few weeks asking the public to give information about secret radio stations. Rewards ranging from \$100 to \$300 are posted and those who give information will have their names kept secret.

M. C. Chen

5

26613

SEARCH WARRANT. NO.....7184.

S. B. ~~XXXXXXXX~~
.....STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :- *Hancock*
DS.
H. J. Judge. *2-7-35* Date.

(For Judicial Police endorsement)
Above document returned



D.L.L.

44 10 300

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

File No. 6970

SHANGHAI MUNICIPAL POLICE. No. D

S.1, Special Branch 2 9000.1
REPORT

Date July 1, 1935.

Subject Execution of Search Warrant No. 7184 Issued by Judge Dzun at the
Request of the Shanghai Telegraph Office.

Made by D.S. McKeown

Forwarded by

H. Gaudin CR!

At 11 a.m. July 1, D.S. McKeown and Clerk Kao (Special Branch) accompanied by service inspector of the Chinese Telegraph Administration named T.Y. Tsih (戚其玉), and with the assistance of D.S. Nancarrow, D.S.I. Chiang Ming Teh, and C.D.S. 115 (Central), proceeded to the premises of the Tong Yoch Kong Hong (東亞報行), No. 8 The Bund, to execute search warrant No. 7184 issued by Judge Dzun to search for and seize a wireless sending and receiving set. In the absence of the manager of the hong, the warrant was shown to the secretary, one named Zee Yung Ziang (徐永祥). A search of the premises was conducted, and the wireless set located stored in a crate in the corridor on the ground floor. Enquiries elicited the information that the crate had been left there about two years ago by one named Chiang Tsung-hai (姜振海), a customer, residing at 44 Canton Road (the new premises of the Tong Yoch Kong Hong). Chiang Tsung-hai was located and expressed willingness to proceed to Central Station. This man stated that he is not the owner of the set but that the Exchange Federation (Tsingtao) had sent it to Shanghai for the purpose of sending business messages to Tsingtao. However, the necessity for sending these messages failed to materialize, and the set was entrusted to his care by a member of the Exchange Federation. The custodian is of the opinion that the set had been purchased with the permission of the Chinese Authorities. A copy of the complete statement is attached.

In the presence of the custodian of the set, Chiang Tsung-hai, the service inspector T. Y. Tsih and D.S. McKeown, P.S. Moss (C.C.R.) made an inventory of the contents of the crate (copy attached). The crate was then closed and sealed. P.S.

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date, 19

Subject..... -2-

Made by..... Forwarded by.....

Moss states that the set is valued at \$2,000.

The set will be conveyed to the Shanghai Special Court to-morrow, July 2, and application made by D.S. Nancarrow for its disposal. The service inspector and the custodian have been advised to attend.

The following comprised the members of the party who assisted in the execution of the warrant :-

- D. S. Nancarrow (Central)
- D.S.I. Chiang Ming Teh (Central)
- C.D.S. 115 (Central)
- Clerk Kao (Special Branch)
- D.S. McKeown (Special Branch)

The M.A. has asked for copies of all reports in this case to be sent to him.

D. C. (Special Branch).

Acting Commissioner of Police,
Sir,

Information. Subject to your approval, the request of the M. A. will be complied with.

Yes

J.H. Evans

D. C. (Sp. Br.)



SI, Please furnish information required to M. A.

J.H. Evans
2 JULY 1935

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

The following is the statement of **Chiang Tsung-hai** (姜振海) native of **Shantung** taken by me **D. S. McKeown (Special Br.)** at **Central** on the **July 1, 1935** and interpreted by **Clark Kao Yen-kang (Sp. Br.)**

My name is Chiang Tsung-hai, native of Shantung, aged 21 and single. I am living in the new office of the Tung Yoch Kung (榮悅心) Shipping Hong, 44 Canton Road. I am an exchange broker by profession but am at present unemployed.

I have no connection with the Tung Yoch Kung Shipping Hong. I reside with my friend Ma Ching-dong (馬錦堂), who is a customer of the Shipping Hong and lives on the hong premises.

(It is of interest to note that as a rule these hong, apart from carrying on their business, supply lodging to inland customers who are conducting business in Shanghai.)

Following the Mukden Incident (September 18, 1931), the brokers of the Money and Cotton Yarn Exchange at Tsingtao divided into two parties, one controlled by the Japanese and the other by the Chinese.

With a view to facilitating communication of news on markets between Shanghai and Tsingtao, the members of the Chinese exchange, of whom I was one, decided to instal wireless apparatus at both Tsingtao and Shanghai. I recollect that the installation was made with the sanction of the Chinese Chamber of Commerce at Tsingtao.

Two sets were then bought in Shanghai at a price of over \$4,000. One was transported to Tsingtao.

Meanwhile a compromise was reached between the Japanese and Chinese exchange brokers in 1932 and the necessity for using the sets did not arise.

These two sets have never been used.

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

The following is the statement of
native of taken by me
at on the and interpreted by

- 2 -

These sets are then property of the Exchange Federation
(交易所联合会), Tsingtao. I think that permission was
obtained from the Tsingtao City Government.

As to the set in Shanghai, it was deposited in the L. S.
Foong (李丰) Native Bank, Siking Road, until the summer of
1934 when the bank closed down. At that time I arrived
at Shanghai with a view to seeking some employment. The
set was then entrusted to me. I stored it at No. 8 The
Bund, the old premises of the Tung Yeeh Kung Shipping Hong.
It remained here unused until to-day, July 1, when it
was seized by the Municipal Police.

I will write to Wong Ts-shun (王子鈞), a leading
broker in the Tsingtao Exchange, for evidence that it was
purchased with the permission of the Chinese Authorities.

(signed) Chiang Tsung-hai.

Copy of component parts of transmitting and
receiving set

- 2 Transmitting valves (音拍机) UX 852
- 6 Volt accumulator (蓄電池) Butterfly make
- 1 Transformer (變壓器) 300 watt 110/220 volt input
1000 volts output
- 1 Transformer (台) 110/220 volt input
10 volt output
- 1 Battery charger (充電器) Seikosha Make
- 1 D P D T switch (雙開關)
- 1 Morse key (電鑰)
- 1 pair Headphones (耳機)
- 1 Hydrometer (電液表)
- 1 3 valve receiving set (收播機)
- 3 coils (線圈)
- 1 short wave transmitter (短波發射機)
- 1 antenna (天線) consisting of 1 large and 3 small "Pyrex"
insulators ()
- 1 wave meter (complete) (波長表)

C O P Y

Proceedings in S.S.D. Court for 2/7/35 - F.I.R. Misc.284/35 -

Reg. No.6/98021 - Stn. Central

Judge Dzien.

Application.

Search Warrant No.7184 issued by Judge Dzien at the request of the Shanghai Telegraph Office, Ministry of Communications.

Application is hereby made to the S.S.D.C. for the disposal of one wooden crate containing a wireless Transmitting & Receiving Set. which was seized at 11.30 a.m. 1/7/35 from the Tong Yoh Kong Hong, No.8 The Bund, on the authority of the abovementioned Warrant.

Compt. Y.T. Tsih.

IN THE DISTRICT COURT No.1 - A.M.

Mr. Ru appeared for the S.M.C.

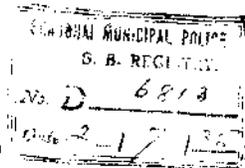
Proceedings : Mr. Ru : If Your Honour please, in this case acting on information received from the Shanghai Telegraph Office (Branch of the Ministry of Communications), that a wireless transmitting set complete with receiver, was contained in a wooden crate at premises : Tong Yoh Kong Hong (No.8 The Bund) Search Warrant P.7184 C3030 was issued by Judge Dzien at the request of the latter authorities. On authority of the said warrant at 11 a.m. on the 1/7/35, detectives from Headquarters accompanied by a representative of the bureau mentioned, went to the premises and there they seized the Transmitting & Receiving Set. On behalf of the Ministry of Communications, the Police now make application for the disposal of the seized property. The person who is responsible for the set named Jang Zang Han was questioned, and he made this written statement (produced). If the court thinks that the owner or the person responsible has contravened the regulations governing the use of such articles, then the property may be disposed of by confiscation. On the other hand should the court wish to deal with the owner, then a remand may be granted.

Decision. A.

The seized exhibits are to be temporarily detained. Whether or not action should be taken against the responsible person. The Police are to investigate and deal with him in accordance with the law.

Search warrant handed to Judge.

Special Branch.



Assistance to Chinese
Authorities.
Misc. No. 284/35.

Central

July 1st,

25.

1.

Execution of Search Warrant No. 7184 issued
by Judge Dzien at the request of the Shanghai
Telegraph office.

At 11 a.m. July 1, D.S. McKeown and Clerk Kao

(Special Branch) accompanied by service inspector of the
Chinese Telegraph Administration named T.Y. Taih (徐海王),
and with the assistance of D.S. Muncarrow, D.S.I. Chiang
Ming Ten, and C.D.S. 115 (Central), proceeded to the
premises of the Tong Yoch Kong Hong (东悦公报团行), No.
8 The Bund, to execute search warrant No. 7184 issued by
Judge Dzien to search for and seize a wireless transmitting
and receiving set. In the absence of the manager of the
hong, the warrant was shown to the secretary, one named
Zee Yung Zieng (徐永清). A search of the premises was
conducted, and the wireless set located stored in a
crate in the corridor on the ground floor. Enquiries
elicited the information that the crate had been left
there about two years ago by one named Chiang Tsung Hai
(姜宗海), a customer, residing at 44 Canton Road (the new
premises of the Tong Yoch Kong Hong). Chiang Tsung Hai was
located and expressed willingness to proceed to Central
Station. This man stated that he is not the owner of the
set but that the Exchange Federation (Tsingtao) had sent
it to Shanghai for the purpose of sending business messages
to Tsingtao. However, the necessity for sending these
messages failed to materialize and the set was entrusted

Misc. 284/25 Central.

1. (Sheet 2).

to his care by a member of the Exchange Federation. The custodian is of the opinion that the set had been purchased with the permission of the Chinese Authorities. A copy of the complete statement is attached.

In the presence of the custodian of the set Chiang Tsung-hai, the service inspector T.Y. Tsai and D.S. McKeown, P.S. Moss (C.C.R.) made an inventory of the contents of the crate (copy attached). The crate was then closed and sealed. P.S. Moss states that the set is valued at \$2,000.

The set will be conveyed to the Shanghai Special Court tomorrow, July 2, and application made by the undersigned for its disposal. The service inspector and the custodian have been advised to attend.

J. J. J. J.
D.S. 266.

R. H.
Sen. Det. i/c.

D.D.O. "A" Div.

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

The following is the statement of **Chiang Tsung-hai** (姜孫海) native of **Shantung** taken by me... **D. S. McKeown (Special Br.)** at **Central** on the **July 1, 1935** and interpreted by **Clark Kao Yen-keng (Sp. Br.)** 1 p.m.

My name is Chiang Tsung-hai, native of Shantung, aged 21 and single. I am living in the new office of the Tung Yoh Kung (東悅公) Shipping Hong, 44 Canton Road. I am an exchange broker by profession but am at present unemployed.

I have no connection with the Tung Yoh Kung Shipping Hong. I reside with my friend Ma Ching-dong (馬錦堂), who is a customer of the Shipping Hong and lives on the hong premises.

(It is of interest to note that as a rule these hong, apart from carrying on their business, supply lodging to inland customers who are conducting business in Shanghai.)

Following the Mukden Incident (September 18, 1931), the brokers of the Money and Cotton Yarn Exchange at Tsingtao divided into two parties, one controlled by the Japanese and the other by the Chinese.

With a view to facilitating communication of news on markets between Shanghai and Tsingtao, the members of the Chinese exchange, of whom I was one, decided to instal wireless apparatus at both Tsingtao and Shanghai. I recollect that the installation was made with the sanction of the Chinese Chamber of Commerce at Tsingtao.

Two sets were then bought in Shanghai at a price of over \$4,000. One was transported to Tsingtao.

Meanwhile a compromise was reached between the Japanese and Chinese exchange brokers in 1932 and the necessity for using the sets did not arise.

These two sets have never been used.

SHANGHAI MUNICIPAL POLICE.

REPORT OF POLICE INVESTIGATIONS.

The following is the statement of _____
native of _____ taken by me _____
at _____ on the _____ and interpreted by _____

- 2 -

These sets are the property of the Exchange Federation
(交易所聯合會), Tsingtao. I think that permission was
obtained from the Tsingtao City Government.

As to the set in Shanghai, it was deposited in the Loo
Foong (利來) Native Bank, Siking Road, until the summer of
1934 when the bank closed down. At that time I arrived
at Shanghai with a view to seeking some employment. The
set was then entrusted to me. I stored it at No.8 The
Bund, the old premises of the Tung Yeeh Kung Shipping Hong.
It remained there unused until to-day, July 1, when it
was seized by the Municipal Police.

I will write to Wong Ts-chun (王子倫), a leading
broker in the Tsingtao Exchange, for evidence that it was
purchased with the permission of the Chinese Authorities.

(signed) Chiang Tsung-hai.

Geny of component parts of transmitting and receiving set

- 2 Transmitting valves (发报机灯泡) UX 852
- 6 Volt accumulator (蓄電池) Butterfly make
- 1 Transformer (变压器) 300 watt 110/220 volt input
1000 volts output
- 1 Transformer (全上) 110/220 volt input
10 volt output
- 1 Battery charger (充电器) Seiko-sha Make
- 1 D P D T switch (双闸刀)
- 1 Morse key (电键)
- 1 pair Headphones (耳机)
- 1 Hydrometer (电液表)
- 1 3 valve receiving set (收报机)
- 3 coils (线圈)
- 1 short wave transmitter (短波发电机)
- 1 antenna (天线) consisting of 1 large and 3 small "Pyrex"
insulators, insulated (绝缘体)
- 1 wave meter (complete) (波长表)

Form No. 3
G. 25/34

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.

Special Branch Station 6813

REPORT

Date July 16/ 1935

Subject (in full) Cancellation of Search Warrant for seizure of radio transmitting set.

Made by and Forwarded by C. D. I. Grubb

*Returned to
S. B. Registry
16/7/35*

Search Warrant No. 7279 is herewith returned for cancellation in accordance with Court Order No. 1932.

This warrant was issued by the District Court on July 9, 1935, at the instance of the Shanghai Telegraph Office, Ministry of Communications, to search for and seize a wireless transmitting and receiving set at house No. 31, lane No. 733 Connaught Road.

The execution of this warrant was temporarily stayed and on July 11 the Police were informed by the Shanghai Telegraph Office that application was being made to the Court for its cancellation.

C. D. I.

C. D. I.

D.C. (Special Branch)

J. H.

18 JULY 1935

SEARCH WARRANT, NO.....7279.

S. B. ~~STATION~~

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

..... Judge.

17 JULY 1935

..... Date.

(For Judicial Police endorsement)

Above document returned



院法方地區特一第海上蘇江

District Court For The First Special Area in Shanghai.

送To S. B.

期日 Date July 9, 1935.

Nature of Document 容內件文

Search Warrant No. 7279 issued by Judge Dzien at the request of the Shanghai Telegraph Office, Ministry of Communication.

Address:- House No. 31 Lane No. 733 (Zung Yui Faung alleyway) Connaught Road near Hart Road.

To search for and seize certain wireless transmitting & receiving set on the above mentioned premises.

警員丁

Court Order
No. 1932.

院法方地區特一第海上蘇江
District Court For The First Special Area In Shanghai.

送To S. B.

期日 Date July 15, 1935.

Nature of Document 容內件文

Please return the Search Warrant No. 7279 (for full particulars, please refer to the attached memo) to this Office for cancellation as per despatch letter No. 18408 received from the Shanghai Telegraph Office, Ministry of Communications, stating that the said wireless transmitting & receiving set has been found belonging to the Central Bank of China. Vide Judge Dzien's order attached.

SI,
For attention
please. JHG
W. Whitling
Superintendent.

15 JULY 1935

FR 50
G. 40,000-1-35
LJK

SHANGHAI MUNICIPAL POLICE

SHANGHAI MUNICIPAL POLICE
S. B. REGISTER
File No. 6813

S. 1, Special Branch, No. 135

REPORT

Date July 11, 1935

Subject Shanghai Telegraph Office, Ministry of Communications
requests cancellation of Search Warrant No. 7279
Made by D.S. McKeown Forwarded by *H. Gault Cat*

On July 9, S.S.D.C. Search Warrant No. 7279 was issued by Judge Dzien at the request of the Shanghai Telegraph Office, Ministry of Communications to search for and seize a certain wireless transmitting and receiving set in a house No. 31, Lane 733 (Zung Yui Faung Alleyway), Connaught Road near Hart Road.

On July 10, a letter was received by the Commissioner of Police from General Tsai Ching Chun, Commissioner of the Bureau of Public Safety requesting that the S.M.P. should render assistance in dealing with the matter.

At 10 a.m. July 11, Mr. Tsih Tsih Nyoh, service inspector of the Shanghai Telegraph Office, telephoned to D.I. Sih Tse-liang (Special Branch) stating that the Shanghai Telegraph Office did not wish any action to be taken in this case as enquiries had elicited the information that this wireless set was the property of the Central Bank of China. Mr. Tsih also stated that the Telegraph Office would make application to the Shanghai First Special District Court for the cancellation of the warrant.

*also
1935*

*V
SI,
Please
that the
first case
as you would
a breach of
any regulations
in force in the
settlement,
and apply for
a summons
if the circum-
stances justify*

*III
normal action
in all such cases let
specific facts reasons in
Special cases may be put up
if considered necessary to recommend
referred.
led.*

D. S.
D. S.

II Acting Commissioner of Police

*Sir,
Information. The ruling of the
Secretariat will still be required to give the
Police an indication of the lines to follow in
disposing of the case.*

Translation of Confidential Document Character "Tseng"
(政) from General Tsai Ching Chun, Commissioner of
the Bureau of Public Safety, to the Commissioner of
the Shanghai Municipal Police.

I am in receipt of confidential order No.1351
from the Headquarters of the Woosung-Shanghai Garrison
Commissioner stating that according to a report made by
Pau Yo Yun (包可永), Chief of the Shanghai Telephone
Bureau, certain person or persons have privately
installed a radio station in house No. 31 Zung Yu Fang
(承餘坊), Lane No.733, Connaught Road near Hart Road,
International Settlement. In consequence, I have been
instructed to secure assistance from your Police Force to
deal with the matter.

I, therefore, detail an officer to forward you
this letter with a request that you will send officers to
assist my man in investigating the matter.

(Seal) Tsai Ching Chun.

(undated)

*SI, please arrange. Efforts should be
made to ascertain the name
and ~~ownership~~ of the nationality
of the tenant of the house and
the owner of the radio station.
What is the capacity of the
radio station? Is it capable
of sending and receiving? J.H.G.*

10 JULY 1935

COPY

Office of the Municipal Advocate,
July 13, 1933.

Acting Commissioner of Police,

Re Seizure of a Wireless Transmitting and
Receiving Set and charging the responsible
party

Please find attached hereto original copy of a report relative to the above entitled matter made by Assistant Municipal Advocate Paul P.Y. Ru.

The Regulations Governing Electrical Messages is a law which has been regularly and duly enacted and promulgated by the Nationalist Government. For your information, we attach hereto a very rough translation of the regulations. The law in question does not in any way impinge upon or conflict with the Land Regulations and Bye-laws. Before giving any advice relative to the search warrant, we consulted the Secretary General and were advised to proceed with its execution. Since the execution of the search warrant, we have had a further conference with the Secretary-General, and he expressed the opinion that there was no reason why these regulations should not be enforced in the Settlement as against persons subject to Chinese jurisdiction.

Will you kindly cause the application for summons to be returned to the Court so that the summons may be issued and served in the regular way.

We are forwarding a copy of this letter, together with a copy of the attached report, to the Secretary General for his information. If you have any doubts, we suggest that you consult him direct.

R.F. Bryan, Jr. (signed),
Municipal Advocate.

Encls: 1/- Report of Assistant Municipal Advocate Ru.
2/- Translation of Regulations Governing Electrical Messages.

GenX

Office of the Municipal Advocate.

July 13, 1938.

Municipal Advocate:

Re: Seizure of a Wireless Trans-
mitting and Receiving Set and
Charging of the responsible party.

Search warrant No. 7184 which was issued by Judge Dsien of the Shanghai First Special Area District Court to search and seize a wireless sending and receiving set was first approved by the Municipal Advocate and was then executed by the detectives of the Special Branch. Application for the disposal of the seized property was made in Open Court on July 2, 1938 before Chief Judge Dsien; one Chiang Tsung Hai was questioned by the Police and his written statement was produced.

The Court ruled as follows:

"The seized exhibits are to be temporarily detained. Whether or not action should be taken against the responsible person, the Police are to investigate and to deal with him in accordance with the law."

The Court did not instruct the Police to charge Chiang Tsung Hai as the power to prosecute rests with the Council. After the Court adjourned the undersigned was requested to go to the Chief Judge's chambers to discuss the matter. He pointed out that Article 21 of the Regulations Governing Electrical Messages as being the law under which

Chiang Tsung Hai should be charged and stated that the Court will be pleased if the case was prosecuted.

The undersigned reported that case to Municipal Advocate who agreed with the Court and advised C.I. Mason to request the Police to charge the defendant under the Article mentioned above.

Application for summons for Chiang Tsung Hai under Article 81 of the said Regulation was forwarded to the Court by Central Police Station and was received and registered by the Court on July 5, 1935. After the Court had issued the summons and before the said summons was sent out by the Court on July 5, at 11:35 a.m. Mr. Wardrop came and stated to the Judicial Police that the said application needs some amendment and that the Court is requested to give the said application back to the Police for a very short period of time for the purpose of making corrections. Chief Judge Dixon, as a special favour to the Police, gave his consent and the said document was taken out of the Court with the understanding that it was only a favour and that the document in question should be sent back to the Court immediately after the corrections were made.

Nothing has been heard about the application since it was taken back by the Police, the Judicial

Police have been requested by the Chief Judge to get the application back several times but no result has been obtained. The Court can not send the summons out as there is no application for the same in its files, and no date can be set for the trial of the case, and as Chief Judge Dzien said this morning that the Court does not know what to do with the matter.

The undersigned was told this morning by the Court re the foregoing and was asked by the Chief Judge to make a written report to you with the request that you would take a very serious view of the matter and take it up with the Acting Commissioner of Police for a satisfactory settlement as the Court does not wish to lay its official complaint before the Secretary General who may not know the facts of this case as thoroughly as the Municipal Advocate does.

PAUL F.Y. HU
Assistant Municipal Advocate.

C O P Y

Office of the Municipal Advocate,
July 13, 1933.

Acting Commissioner of Police,

The Seizure of a Wireless Transmitting and
Receiving Set and charging the responsible
party

Please find attached hereto original copy of a report
relative to the above entitled matter made by Assistant
Municipal Advocate Paul P.Y. Wu.

The Regulations Governing Electrical Messages is a law
which has been regularly and duly enacted and promulgated
by the Nationalist Government. For your information, we
attach hereto a very rough translation of the regulations.
The law in question does not in any way impinge upon or
conflict with the Land Regulations and Bye-laws. Before
giving any advice relative to the search warrant, we
consulted the Secretary General and were advised to
proceed with its execution. Since the execution of the
search warrant, we have had a further conference with the
Secretary-General, and he expressed the opinion that there
was no reason why these regulations should not be enforced
in the Settlement as against persons subject to Chinese
jurisdiction.

Will you kindly cause the application for warrants
to be returned to the Court so that the summons may be
issued and served in the regular way.

We are forwarding a copy of this letter, together with
a copy of the attached report, to the Secretary General
for his information. If you have any doubts, we suggest
that you consult him direct.

R.F. Bryan, Jr. (signed),
Municipal Advocate.

Incls: 1/-Report of Assistant Municipal Advocate Wu.
2/- Translation of Regulations Governing Electrical
Messages.

CONFIDENTIAL

Office of the Municipal Advocate.

July 13, 1935.

Municipal Advocate:

Re: Seizure of a Wireless Trans-
mitting and Receiving set and
charging of the responsible party.

Search warrant No. 7184 which was issued by Judge Dzien of the Shanghai First Special Area District Court to search and seize a wireless sending and receiving set was first approved by the Municipal Advocate and was then executed by the detectives of the Special Branch. Application for the disposal of the seized property was made in Open Court on July 2, 1935 before Chief Judge Dzien; one Chiang Young Hai was questioned by the Police and his written statement was produced.

The Court ruled as follows:

"The seized exhibits are to be temporarily detained. Whether or not action should be taken against the responsible person, the Police are to investigate and to deal with him in accordance with the law."

The Court did not instruct the Police to charge Chiang Young Hai as the power to prosecute rests with the Council. After the Court adjourned the undersigned was requested to go to the Chief Judge's chambers to discuss the matter. He pointed out that Article 21 of the Regulations Governing Electrical Messages as being the law under which

Chiang Tsung Hai should be charged and stated that the Court will be pleased if the case was presented.

The undersigned reported that case to Municipal Advocates who agreed with the Court and advised C.I. Mason to request the Police to charge the defendant under the Article mentioned above.

Application for summons for Chiang Tsung Hai under Article 21 of the said Regulation was forwarded to the Court by Central Police Station and was received and registered by the Court on July 8, 1935. After the Court had issued the summons and before the said summons was sent out by the Court on July 8, at 11:30 a.m. Mr. Wardrop came and stated to the Judicial Police that the said application needs some amendment and that the Court is requested to give the said application back to the Police for a very short period of time for the purpose of making corrections. Chief Judge Daies, as a special favour to the Police, gave his consent and the said document was taken out of the Court with the understanding that it was only a favour and that the document in question should be sent back to the Court immediately after the corrections were made.

Nothing has been heard about the application since it was taken back by the Police, the Judicial

Police have been requested by the Chief Judge to get the application back several times but no result has been obtained. The Court can not send the summons out as there is no application for the same in its files, and no date can be set for the trial of the case, and as Chief Judge Union said this morning that the Court does not know what to do with the matter.

The undersigned was told this morning by the Court re the foregoing and was asked by the Chief Judge to make a written report to you with the request that you would take a very serious view of the matter and take it up with the Acting Commissioner of Police for a satisfactory settlement as the Court does not like to lay its official complaint before the Secretary General who may not know the facts of this case as thoroughly as the Municipal Advocate does.

PARK F.X. NY
Assistant Municipal Advocate.

C O P Y

Office of the Municipal Advocate,
July 13, 1934.

Acting Commissioner of Police,

Re Seizure of a Wireless Transmitting and
Receiving Set and charging the responsible
party.

Please find attached hereto original copy of a report
relative to the above entitled matter made by Assistant
Municipal Advocate Paul W. Ho.

The regulations governing Electrical Messages is a law
which has been regularly and duly enacted and promulgated
by the Nationalist Government. For your information, we
attach hereto a very rough translation of the regulations.
The law in question does not in any way impinge upon or
conflict with the Land Regulations and By-laws. Before
giving any advice relative to the search warrant, we
consulted the Secretary General and were advised to
proceed with its execution. Since the execution of the
search warrant, we have had a further conference with the
Secretary-General, and he expressed the opinion that there
was no reason why these regulations should not be enforced
in the Settlement as against persons subject to Chinese
jurisdiction.

Will you kindly cause the application for summons
to be returned to the Court so that the summons may be
issued and served in the regular way.

We are forwarding a copy of this letter, together with
a copy of the attached report, to the Secretary General
for his information. If you have any doubts, we suggest
that you consult him direct.

H. T. Bryan, Jr. (signed),
Municipal Advocate.

Encls: 1/-Report of Assistant Municipal Advocate Ho.
2/- Translation of Regulations Governing Electrical
Messages.

GARY

Office of the Municipal Advocate.

July 13, 1935.

Municipal Advocate:

Re: Seizure of a Wireless Trans-
mitting and Receiving Set and
Charging of the responsible party.

Search warrant No. 7184 which was issued by
Judge Dzien of the Shanghai First Special Area
District Court to search and seize a wireless
sending and receiving set was first approved by
the Municipal Advocate and was then executed by the
detectives of the Special Branch. Application for
the disposal of the seized property was made in
Open Court on July 2, 1935 before Chief Judge Dzien;
one Chiang Tsung Hai was questioned by the Police and
his written statement was produced.

The Court ruled as follows:

"The seized exhibits are to be temporarily
detained. Whether or not action should be
taken against the responsible person,
the Police are to investigate and to deal
with him in accordance with the law."

The Court did not instruct the Police to charge
Chiang Tsung Hai as the power to prosecute rests
with the Council. After the Court adjourned the
undersigned was requested to go to the Chief Judge's
chambers to discuss the matter. He pointed out
that Article 21 of the Regulations Governing Electrical
Messages as being the law under which

Chiang Tsung Hsi should be charged and stated that the Court will be pleased if the case was prosecuted.

The undersigned reported that case to Municipal Advocate who agreed with the Court and advised C.I. Mason to request the Police to charge the defendant under the Article mentioned above.

Application for summons for Chiang Tsung Hsi under Article 21 of the said Regulation was forwarded to the Court by Central Police Station and was received and registered by the Court on July 5, 1935. After the Court had issued the summons and before the said summons was sent out by the Court on July 6, at 11:30 a.m. Mr. Wardrop came and stated to the Judicial Police that the said application needs some amendment and that the Court is requested to give the said application back to the Police for a very short period of time for the purpose of making corrections. Chief Judge Dixon, as a special favour to the Police, gave his consent and the said document was taken out of the Court with the understanding that it was only a favour and that the document in question should be sent back to the Court immediately after the corrections were made.

Nothing has been heard about the application since it was taken back by the Police, the Judicial

Police have been requested by the Chief Judge to get the application back several times but no result has been obtained. The Court can not send the summons out as there is no application for the same in its files, and no date can be set for the trial of the case, and as Chief Judge Daism said this morning that the Court does not know what to do with the matter.

The undersigned was told this morning by the Court re the foregoing and was asked by the Chief Judge to make a written report to you with the request that you would take a very serious view of the matter and take it up with the Acting Commissioner of Police for a satisfactory settlement as the Court does not like to lay its official complaint before the Secretary General who may not know the facts of this case as thoroughly as the Municipal Advocate does.

PAUL P.Y. HU
Assistant Municipal Advocate.

C O P Y

Office of the Municipal Advocate,
July 13, 1936.

Dear Commissioner of Police,

Re Release of a Irregular Framing and
Receiving Net and Checking the responsible
Party

Please find attached hereto original copy of a report relative to the above entitled matter made by Assistant Municipal Advocate Paul J. Y. Du.

The Regulations covering Electrical Mortgages is a law which has been repeatedly and duly enacted and promulgated by the Nationalist Government. For your information, we attach hereto a very rough translation of the regulations. The law in question does not in any way impinge upon or conflict with the Land Regulations and Bye-Laws. Before giving any advice relative to the search warrant, we consulted the Secretary General and were advised to proceed with its execution. Since the execution of the search warrant, we have had a further conference with the Secretary-General, and he expressed the opinion that there was no reason why these regulations should not be enforced in the settlement as against persons subject to Chinese jurisdiction.

Will you kindly cause the application for summons to be returned to the Court so that the summons may be issued and served in the regular way.

We are forwarding a copy of this letter, together with a copy of the attached reports, to the Secretary General for his information. If you have any doubts, we suggest that you consult him direct.

R. T. Bryan, Jr. (signed),
Municipal Advocate.

Encls: 1/- Report of Assistant Municipal Advocate Du.
2/- Translation of Regulations covering Electrical Mortgages.

SANX

Office of the Municipal Advocate.

July 12, 1935.

Municipal Advocate:

Re: Seizure of a Wireless Trans-
mitting and Receiving set and
whosoever of the responsible party.

Search warrant No. 7184 which was issued by Judge Deien of the Shanghai First Special Area District Court to search and seize a wireless sending and receiving set was first approved by the Municipal Advocate and was then executed by the detectives of the special branch. Application for the disposal of the seized property was made in Open Court on July 2, 1935 before Chief Judge Deien; one Chiang Young Hai was questioned by the Police and his written statement was produced.

The Court ruled as follows:

"The seized exhibits are to be temporarily detained. Whether or not action should be taken against the responsible person, the Police are to investigate and to deal with him in accordance with the law."

The Court did not instruct the Police to charge Chiang Young Hai as the power to prosecute rests with the Council. After the Court adjourned the undersigned was requested to go to the Chief Judge's chambers to discuss the matter. He pointed out that Article 21 of the Regulations Governing Electrical Messages as being the law under which

Chiang Tsung Hai should be charged and stated that the Court will be pleased if the case was prosecuted.

The undersigned reported their case to Municipal Advocates who agreed with the Court and advised C.I. Mason to request the Police to charge the defendant under the Article mentioned above.

Application for summons for Chiang Tsung Hai under Article 21 of the said Regulation was forwarded to the Court by Central Police Station and was received and registered by the Court on July 5, 1935. After the Court had issued the summons and before the said summons was sent out by the Court on July 6, at 11:35 a.m. Mr. Hardrey came and stated to the Judicial Police that the said application needs some amendment and that the Court is requested to give the said application back to the Police for a very short period of time for the purpose of making corrections. Chief Judge Szien, as a special favour to the Police, gave his consent and the said document was taken out of the Court with the understanding that it was only a favour and that the document in question should be sent back to the Court immediately after the corrections were made.

Nothing has been heard about the application since it was taken back by the Police, the Judicial

Police have been requested by the Chief Judge to get the application back several times but no result has been obtained. The Court can not send the summons out as there is no application for the case in its files, and no date can be set for the trial of the case, and as Chief Judge Deiss said this morning that the Court does not know what to do with the matter.

The undersigned was told this morning by the Court re the foregoing and was asked by the Chief Judge to make a written report to you with the request that you would take a very serious view of the matter and take it up with the Acting Commissioner of Police for a satisfactory settlement as the Court does not like to lay its official complaint before the Secretary General who may not know the facts of this case as thoroughly as the Municipal Advocate does.

PAUL P.Y. HU
Assistant Municipal Advocate.

C O P Y

Office of the Municipal Advocate,
July 13, 1938.

Acting Commissioner of Police,

Re Seizure of a Wireless Transmitting and
Receiving Set and charging the responsible
party

Please find attached hereto original copy of a report relative to the above entitled matter made by Assistant Municipal Advocate Paul P.Y. Lu.

The Regulations Governing Electrical Messages is a law which has been regularly and duly enacted and promulgated by the Nationalist Government. For your information, we attach hereto a very rough translation of the regulations. The law in question does not in any way impinge upon or conflict with the Land Regulations and Bye-laws. Before giving any advice relative to the search warrant, we consulted the Secretary General and were advised to proceed with its execution. Since the execution of the search warrant, we have had a further conference with the Secretary-General, and he expressed the opinion that there was no reason why these regulations should not be enforced in the Settlement as against persons subject to Chinese jurisdiction.

Will you kindly cause the application for summons to be returned to the Court so that the summons may be issued and served in the regular way.

We are forwarding a copy of this letter, together with a copy of the attached report, to the Secretary General for his information. If you have any doubts, we suggest that you consult him direct.

R.T. Bryan, Jr. (signed),
Municipal Advocate.

Encls: 1/- Report of Assistant Municipal Advocate Lu.
2/- Translation of Regulations Governing Electrical
Messages.

Copy

Office of the Municipal Advocate.

July 13, 1935.

Municipal Advocate:

Re: Seizure of a Wireless Trans-
mitting and Receiving Set and
Charging of the responsible party.

Search warrant No. 7184 which was issued by Judge Dzien of the Shanghai First Special Area District Court to search and seize a wireless sending and receiving set was first approved by the Municipal Advocate and was then executed by the detectives of the Special Branch. Application for the disposal of the seized property was made in Open Court on July 2, 1935 before Chief Judge Dzien; one Chiang Tsung Mai was questioned by the Police and his written statement was produced.

The Court ruled as follows:

"The seized exhibits are to be temporarily detained. Whether or not action should be taken against the responsible person, the Police are to investigate and to deal with him in accordance with the law."

The Court did not instruct the Police to charge Chiang Tsung Mai as the power to prosecute rests with the Council. After the Court adjourned the undersigned was requested to go to the Chief Judge's chambers to discuss the matter. He pointed out that Article 21 of the Regulations Governing Electrical Messages as being the law under which

Chiang Tsung Hai should be charged and stated that the Court will be pleased if the case was prosecuted.

The undersigned reported the case to Municipal Advocate who agreed with the Court and advised C.I. Mason to request the Police to charge the defendant under the Article mentioned above.

Application for summons for Chiang Tsung Hai under Article 21 of the said Regulation was forwarded to the Court by Central Police Station and was received and registered by the Court on July 5, 1935. After the Court had issued the summons and before the said summons was sent out by the Court on July 6, at 11:35 a.m. Mr. Wardrop came and stated to the Judicial Police that the said application needs some amendment and that the Court is requested to give the said application back to the Police for a very short period of time for the purpose of making corrections. Chief Judge Eisen, as a special favour to the Police, gave his consent and the said document was taken out of the Court with the understanding that it was only a favour and that the document in question should be sent back to the Court immediately after the corrections were made.

Nothing has been heard about the application since it was taken back by the Police, the Judicial

Police have been requested by the Chief Judge to get the application back several times but no result has been obtained. The Court can not send the summons out as there is no application for the same in its files, and no date can be set for the trial of the case, and as Chief Judge Dallen said this morning that the Court does not know what to do with the matter.

The undersigned was told this morning by the Court re the foregoing and was asked by the Chief Judge to make a written report to you with the request that you would take a very serious view of the matter and take it up with the Acting Commissioner of Police for a satisfactory settlement as the Court does not like to lay its official complaint before the Secretary General who may not know the facts of this case as thoroughly as the Municipal Advocate does.

PAUL F.Y. HU
Assistant Municipal Advocate.

- C O P Y -

Ref.No.K.19/1.

C/R C.9534.

10th July, 1935.

The Acting Commissioner of Police:

REGISTRATION OF RADIO BROADCASTING
IN THE SETTLEMENT

I have discussed with the Secretary-General your report of July 10, 1935. It is considered that the factor which must determine the Council's attitude is not the desirability or otherwise of enforcing particular Chinese regulations but the desirability of controlling wireless transmission. Wireless transmission is universally regarded as a matter which should be subject to governmental control. Moreover, the activities of wireless transmitters within the Settlement can in fact be hampered or assisted by action outside the Settlement.

It is therefore considered that unless any specific cases arise which you may desire in your discretion to bring to the attention of the Council the ordinary practice of acting upon warrants duly issued by the District Court should be followed.

(signed) G. Godfrey Phillips

Acting Secretary.

. GGP/DB/

^{OF} ^{FROM}
EXTRA COPY FROM A LETTER OF COMMISSIONER OF POLICE
TO THE ACTING SECRETARY, S.M.C.

July 10, 1935.

The Acting Secretary,

S. M. C.

Subject:- Registration of Radio Broadcasting
in Settlement.

With reference to your letters of November 29, 1932, November 30, 1932 and April 10, 1934, I shall be glad if you will inform me of the present attitude of the Council towards the enforcement in the Settlement of (1) The Chinese Government Regulations regarding Private Radio Broadcasting Stations; (2) Regulations Governing Electric Messages. The former rules were promulgated on November 24, 1932 and the latter on August 5, 1929.

This request is made in consequence of the receipt of warrants issued by the District Court for the First Special Area in Shanghai at the instance of the Shanghai Telegraph Office, Ministry of Communications. The first of these was issued on June 29, 1935 and authorised the seizure of a wireless transmitting and receiving set. The second was issued on July 9, 1935 and authorised the seizure of certain wireless transmitting and receiving material. After reference to the Municipal Advocate, as it was believed that in the first case there was connection with communist activities and the warrant was executed.

As subsequent events indicated that both warrants were issued with a view to the application in the Settlement of

- 2 -

Chinese Government Regulations concerning the use of wireless and broadcasting, the warrant issued on July 9, is being held up pending your reply.

(signed) K. M. Bourne.

Acting Commissioner of Police.

KMG.

EXTRA COPY

Special Branch

July 9, 1935.

Enforcement of Radio Regulations in the Settlement

On June 29, 1935, a Search Warrant, issued by the District Court for the First Special Area in Shanghai, at the instigation of the Shanghai Telegraph Office, Ministry of Communications, for the seizure of a wireless transmitting and receiving set at 8 The Bund, was forwarded to the Special Branch for execution.

The Warrant was passed to the Municipal Advocate for an opinion as to whether or not it should be executed. The Municipal Advocate expressed the opinion that it should be executed providing the interests of foreigners enjoying extraterritorial rights were not involved. The warrant was executed on July 1, and a wireless transmitting and receiving set seized. Application was made at the Shanghai Special District Court for its disposal and it is now detained by the Court pending further action by the Police.

On July 9, another warrant, issued under the same circumstances, was received for execution within the Settlement.

According to our files the question of enforcing radio regulations in the Settlement on behalf of the Chinese authorities has never been settled.

In November and December of 1932 correspondence passed between the Secretary to the Council and the Commissioner of Police regarding a unified system of control by the three authorities but no ruling was given. In a letter dated April 10, 1934, from the Secretary to the Commissioner of Police a request is made for reports to be submitted of any attempts at enforcing radio regulations or functioning by offices of the Bureau of International Telegraphs in the Settlement and French Concession.

In May, 1933 regulations governing the control of radio stations and broadcasting were drawn up by the C.M.F. and are being enforced in the Concession. According to Mr. Sarly of the Political Section of the French Police, Warrants issued by the 2nd Special District Court at the instance of other authorities, except a modern court of justice, are not recognized by the French Police.

(signed) H. Grubb.

C. D. I.

D.C. (Special Branch).

EXTRA COPY FROM A LETTER OF SECRETARY, S.M.C. TO
THE COMMISSIONER OF POLICE

10th April, 1934.

The Commissioner of Police:

Attached is a set of documents circulated by the Bureau of International Telegraphs concerning registration of owners of radio broadcasting and receiving apparatus.

This claim to registration is not consistent with the conversations which have taken place concerning enforcement of radio regulation in the Settlement and in the French Concession, and I shall be glad to have any attempt at enforcing these regulations or at the functioning in the Settlement of officers of the Bureau of International Telegraphs reported to me.

(signed) J. R. Jones.

Secretary.

Encls.
JRJ/DB.

EXTRA COPY

December 16, 1932.

The Secretary,

S. M. C.

Reference your letters No.4385, dated the 29th November and 30th November respectively.

It is an admitted fact that some form of official control of radio broadcasting is essential. Apart from the general complaint as to the chaotic state of affairs in this respect I may state that the Police Broadcasting has been very seriously interfered with during the year and in most cases it has been found that the mushroom growth of irresponsible broadcasting establishments under no form of control is responsible. There is further the great danger that uncontrolled radio broadcasting will present in the near future a serious menace to the peace and good order of the Settlement as there are many evil uses to which radio broadcasting can be put.

Control in the Settlement without a similar form of control in the French Concession and in Chinese Territory would be useless. There is a limit to the number of broadcasting stations that can operate in the three areas, and without co-operation between the three authorities the allotting of wave lengths would not be possible. It is, therefore, obvious that a satisfactory system of control can be introduced only if the three authorities come to a common agreement on the number of stations to be permitted in each area and the wave lengths to be allotted to each station.

The new Chinese regulations, if they were applied in the Settlement, would effect Chinese owned stations only and Foreign owned stations could operate without control. The application of these regulations would not therefore solve the difficulty.

It would therefore appear necessary that a general working agreement be come to between the authorities of the three areas, and that suitable licensing byelaws be introduced in accordance with such agreement which could be enforced in the Settlement in the case of all radio broadcasting stations, whether Foreign or Chinese owned.

If suitable byelaws are introduced, it would not be difficult for the Police to enforce them.

(signed) F. W. Gerrard.

Commissioner of Police.

2

EXTRA FROM A LETTER OF SECRETARY, S.M.C. TO THE
COMMISSIONER OF POLICE

30th November, 1932

The Commissioner of Police

Further to my S/O of yesterday on the subject of co-operation with the French authorities in radio matters, I am sending you herewith a copy of a translation of the Regulations governing broadcasting stations received from the Ministry of Communications. I shall be glad to have your views on this matter and upon the general question of co-operation with the French authorities.

I also attach a copy of a translation of the French Consular Ordinance published in the "Bulletin Municipal" of October 16, 1932, and a copy of a letter received from the Associated Advertisers on the same subject.

(signed) J.R. Jones.

Secretary.

Encls.
BB.

copy of FROM
EXTRA FROM A LETTER OF SECRETARY, S.M.C. TO THE
COMMISSIONER OF POLICE

29th November, 1932.

The Commissioner of Police:

Mr. Jacques Coiffard, of the French Consulate General, called on me yesterday and showed me the new radio regulations of the National Government which were published in yesterday's press. These regulations envisage the licensing and inspecting, to be enforced by fines and confiscation, of radio stations and their apparatus in Shanghai.

The French Consul General and the French Municipal authorities are anxious to regulate the activities of these stations in the Concession, and they are very anxious to obtain the co-operation of the Council and, if possible, of the Chinese authorities. So far as the co-operation of the Chinese authorities is concerned Mr. Coiffard suggested that it might be possible to arrange a different wave length for each of the three municipalities.

The French authorities are already endeavouring to license these stations, and as they are uncertain as to the means of enforcement at present until they have the co-operation of the Settlement they attempt to do so by means of a provisional licence.

It is unlikely that the Council would allow the inspection and enforcement by confiscation or otherwise of the new rules in the Settlement. I shall be very glad, however, to have your views upon the new regulations and the question of the possibility of the enforcement of some of them by the Council under a scheme which

would involve inspection and enforcement by the Council in co-operation with the French authorities. It is suggested that an expert from the Police might consult with the French Consulate General to discuss the matter in a preliminary way.

Mr. Coiffard handed me a list of radio station in Shanghai and particularly referred to a station in the Settlement, Ho Tung & Co., 598 Ningpo Road, which was giving them considerable trouble.

I enclose the statement given me by Mr. Coiffard as well as a list of short wave stations published in the "Amateur Radio" of November 15.

(signed) J. R. Jones.
Secretary.

Encls.
DB.

11/1

October 28, 1935.

Major Davidson, Esq., O.B.E.,
British Consul,
Shanghai.

Sir,

In accordance with your request addressed to the Acting Commissioner of Police under date October 21, I enclose herewith copies of four reports made by the Special Branch of the Police on the subject of the suspected operation of a wireless transmitting set by Mr. C. A. McLeilan, a British subject, residing at No. 119 Sikaal Road.

I am, Sir,

Your obedient servant,

W. Sydney Phillips
Acting Secretary.



Encls:
KRM/PL

British Consulate-General,
Shanghai.

October 21, 1935.

Dear Bourne,

The Consul-General has received a letter from the Telegraph Administration alleging that a British subject named Mc.Lellan residing at 119, Baikal Road is operating a wireless transmitting set. Translation of the letter is enclosed herewith.

It is true that there are no regulations binding on British subjects to prevent the use of such sets but under a resolution passed at the Washington Conference the establishment of radio stations in China by foreigners is restricted and we have always discouraged the setting up of any station by British subjects without the consent of the Chinese Authorities.

The Consul-General would be much obliged if the Shanghai Municipal Police could supply him with any information regarding McLellan and his wireless activities.

Yours sincerely,

I.W.O. Davidson.

Major K.M. Bourne, M.C.,
Acting Commissioner of Police,
Shanghai Municipal Council,
Shanghai.

Certified true copy.

A. L. Richards
.....

Translation of letter from the Ministry of Communications
Telegraph Administration, Shanghai, to H.B.M. Consul-
General, Shanghai.

October 4th, 1935.

Sir,

This Administration has recently received a
secret report to the following effect :-

"In the house at No. 119 Baikal Road, Shanghai,
there is a privately established wireless station
which transmits and receives messages in contravention
of the law".

The Shanghai First Special District Court was
immediately requested to investigate and take action in
accordance with law. It has now been discovered that the
occupier of the above house is a British subject, and
action should be taken with the assistance of the British
Consulate. The establishment of a private wireless station
is strictly prohibited by the laws and orders of China,
and should be punished by law.

I am now sending Mr. Hsu Tsung-I, an official of this
Administration, to call on you with this letter, and explain
everything to you verbally. I shall be very grateful if
you will give approval to sending an official in the
company of Mr. Hsu to go to the above address and make a
search, in order to help the Administration of telegraph
matters.

I have long been aware that your country has always
respected the authority of the law, and, moreover, that a
guiding principle with you is the sincere cultivation of
friendly international relations and therefore your assis-
tance will of course be given.

I request that you will note this matter and take
action, and favour me with a reply.

Certified true
copy.

R. L. Richards
.....

I avail, etc.

(Sd) Pao K'e-yung,
Director.

Special Branch, October 22, 1935.

Suspected installation of a radio set at 119 Baikal Road.

In connection with the suspected installation of an unauthorised transmitting set at 119 Baikal Road, I have to report that Mr. C. A. McLellan, the occupant of the premises and an employee of the I. E. C., during a conversation with an acquaintance admitted that he had a combined transmitting and receiving set installed in his house, and that this set was specially imported from America for him by the directors of Radio Station XEHA. He added that though he had never used the set for transmitting purposes, he had frequently loaned it to Radio Station XEHA.

Radio Station XEHA is sponsored by the Radio Engineering Co., 445 Race Course Road, Dr. W. H. Downs, an American dental surgeon, is said to possess the major financial interest in the venture.

Regarding the incident on October 6, when an agent of the Shanghai Telegraph Administration was arrested at the request of Mr. McLellan for loitering outside his house, but later released, Mr. McLellan mentioned that he had reported the matter to the British Consulate-General.

Mr. McLellan dismissed his two servants shortly after this incident.

Certified True Copy.

J. H. Guens
.....

Special Branch.

October 9, 1935.

Activities of the Shanghai Telegraph Office of the Ministry of Communications regarding suspected installation of a wireless transmitting set at 119 Baikal Road.

In July this year, a report was received in this Branch to the effect that an unauthorized radio transmitting set was being operated in the Eastern District. Enquiries were instituted by the foreign and Chinese members of the staff of S.I., and, although no definite evidence could be obtained, suspicions were aroused concerning house No. 119 Baikal Road, the residence of a foreign employee of the S.I.C., C.A. McLellan. This man, a British subject, is an inspector in the S.W.D., and suspicions were aroused partly from the fact that the aerial equipment above the house seemed to be beyond the requirements of the most powerful receiving set. Two fairly large masts are erected outside the house, and the antenna is equipped with approximately 40 insulators. This apparatus has given rise to considerable discussion among the foreign residents of Wayside district, but no one has succeeded in obtaining an invitation to examine the radio inside the house. Only one or two of Mr. and Mrs. McLellan's most intimate associates are allowed to enter the house, and all business is conducted on the doorstep.

Mr. McLellan is on intimate terms with Landeuen, a well-known Soviet agent and has introduced him to a Masonic lodge. Mrs. McLellan is of Russian extraction, and has three brothers who are Soviet employees in Vladivostok; one of them is a member of the G.P.U. She has visited Vladivostok two or three times during the last few years. She openly states that she is pro-Soviet. Until recently two other persons were residing in

the house with the McLellans, one a Filipino and the other an attractive looking young foreign woman said to be the wife or courtesan of the Filipino. Apart from the fact that she was the constant companion of Mrs. McLellan, nothing is known of this woman.

Enquiries regarding the Filipino are still in progress. It is known that he has been in communication with a student or students of the Fudan University. During the past few months he has made several trips abroad, and always returned with large sums of money. There is every reason to believe that his name is Ramon Caro, an American subject, erstwhile owner of the Ram Car Company in Manila, and having a doubtful reputation. He is the associate of a British Eurasian named T.K. Knight, the owner of the Oxidite Battery Corp., lane 156, T.55-57, Liaoyang Road. Knight was accompanied Caro on his journeys abroad. Both Knight and Caro have a thorough knowledge of radio.

Efforts to keep a watch on the movements of Mr. McLellan have not proved successful, owing to the fact that he is ever on his guard and carefully avoids answering personal questions, and also because he has a fast car and it is practically impossible to follow him. There is reason to believe that he visited the Soviet ship s.s. "Sever" when she was in Shanghai on Saturday, August 17.

On October 4, a search warrant was forwarded to the Special Branch issued by the Shanghai Special District Court at the request of the Shanghai Telegraph Administration Office to search and seize an unauthorised radio transmitting set at 119 Baikal Road. An inspector of the Administration Office who attended was informed that this was the residence of a British subject and the warrant could not be executed, and was referred to the British Court. When questioned regarding his grounds

for believing that a transmitting set was installed at that address, the inspector stated that tests had been carried out with radio beam direction finding instruments, and the tests had proved that a transmitting set was installed at 119 Baikal Road.

At 10.35 p.m., October 6, Mr. McLellan telephoned to Mayside Station and stated that a suspicious character was loitering outside his house. Police attended and took into custody a male Chinese who proved to be an agent of the Shanghai Telegraph Administration who had been detailed to collect information regarding the radio alleged to be installed at 119 Baikal Road. This man was later released and warned not to continue his observation duty.

Certified true copy.

.....

Special Branch.

October 6th, 1935.

Cancellation of Shanghai Special District Court
Search Warrant No. 8144.

Shanghai Special District Court Search Warrant,
No. 8144, issued on October 4, 1935, at the instance of the
Shanghai Telegraph Office of the Ministry of Communications,
for the seizure of a wireless transmitting and receiving set
at 119 Baikal Road, is herewith forwarded for return to the
Court for cancellation.

The warrant could not be executed as the occupant
of 119 Baikal Road does not come under the jurisdiction of
the Shanghai Special District Court, being a British subject.

Certified true copy.

J. G. Givens
.....

Special Branch.

October 4, 1935.

Receipt of Shanghai Special District Court Warrant for
Seizure of Wireless Transmitting and Receiving Set at
119 Baikal Road.

At 12 noon October 4, 1935, a Search Warrant, No.8144,
issued by the Shanghai Special District Court at the instance
of the Shanghai Telegraph Office of the Ministry of Communications,
was received by the D.C. (Sp.Br.) for the seizure of a wireless
transmitting and receiving set at 119 Baikal Road.

Before executing this Warrant, inquiries were made
regarding the nationality of the occupant of 119 Baikal Road,
and it was found that the tenant is a British subject. He is
C.A. McHellan employed as inspector in the P.W.D. of the Council.

Hsu Tsong-nien (許宗年), acting on behalf of the
Shanghai Telegraph Office, has been informed of the nationality
of the occupant of 119 Baikal Road, and that a Shanghai Special
District Court Warrant cannot be executed in this case. He has
asked what action the Municipal Police can now take in the case.

The representative when questioned about the source of
the information regarding the location of the transmitting set
stated that it had been traced by the Government Radio
Administration by means of "detectors" or "finders".

Certified true copy.

.....

Special Branch.

October 22, 1935.

Suspected installation of a radio set at 119 Baikal Road.

In connection with the suspected installation of an unauthorized transmitting set at 119 Baikal Road, I have to report that Mr. C. A. McLellan, the occupant of the premises and an employee of the S. M. C. during a conversation with an acquaintance admitted that he had a combined transmitting and receiving set installed in his house, and that this set was specially imported from America for him by the directors of Radio Station XMHA. He added that though he had never used the set for transmitting purposes, he had frequently loaned it to Radio Station XMHA.

Radio Station XMHA is sponsored by the Radio Engineering Co., 445 Race Course Road. Dr. W. H. Downs, an American Dental Surgeon, is said to possess the major financial interest in the venture.

Regarding the incident on October 6, when an agent of the Shanghai Telegraph Administration was arrested at the request of Mr. McLellan for loitering outside his house, but later released, Mr. McLellan mentioned that he had reported the matter to the British Consulate-General.

Mr. McLellan dismissed his two servants shortly after this incident.

Certified True Copy.

.....

Special Branch.

October 9, 1935.

Activities of the Shanghai Telegraph Office of the Ministry of Communications regarding suspected installation of a wireless transmitting set at 119 Baikal Road.

In July this year, a report was received in this Branch to the effect that an unauthorized radio transmitting set was being operated in the Eastern District. Enquiries were instituted by the foreign and Chinese members of the staff of S.I., and, although no definite evidence could be obtained, suspicions were aroused concerning house No. 119 Baikal Road, the residence of a foreign employee of the S.M.C., C.A. McLellan. This man, a British subject, is an inspector in the P.W.D., and suspicions were aroused partly from the fact that the aerial equipment above the house seemed to be beyond the requirements of the most powerful receiving set. Two fairly large masts are erected outside the house, and the antenna is equipped with approximately 40 insulators. This apparatus has given rise to considerable discussion among the foreign residents of Wayside district, but no one has succeeded in obtaining an invitation to examine the radio inside the house. Only one or two of Mr. and Mrs. McLellan's most intimate associates are allowed to enter the house, and all business is conducted on the doorstep.

Mr. McLellan is on intimate terms with Landesen, a well-known Soviet agent and has introduced him to a Masonic lodge. Mrs. McLellan is of Russian extraction, and has three brothers who are Soviet employees in Vladivostok; one of them is a member of the G.P.U. She has visited Vladivostok two or three times during the last few years. She openly states that she is pro-Soviet. Until recently two other persons were residing in

the house with the McLellans, one a Filipino and the other an attractive looking young foreign woman said to be the wife or paramour of the Filipino. Apart from the fact that she was the constant companion of Mrs. McLellan, nothing is known of this woman.

Enquiries regarding the Filipino are still in progress. It is known that he has been in communication with a student or students of the Fudan University. During the past few months he has made several trips abroad, and always returned with large sums of money. There is every reason to believe that his name is Heman Caro, an American subject, erstwhile owner of the Ram Car Company in Manila, and having a doubtful reputation. He is the associate of a British Eurasian named T.K. Knight, the owner of the Oxidite Battery Corps., lane 156, T55-67, Liaoyang Road. Knight has accompanied Caro on his journeys abroad. Both Knight and Caro have a thorough knowledge of radio.

Efforts to keep a watch on the movements of Mr. McLellan have not proved successful, owing to the fact that he is ever on his guard and carefully avoids answering personal questions, and also because he has a fast ear and it is practically impossible to follow him. There is reason to believe that he visited the Soviet ship s.s. "SEVER" when she was in Shanghai on Saturday, August 17.

On October 4, a search warrant was forwarded to the Special Branch issued by the Shanghai Special District Court at the request of the Shanghai Telegraph Administration Office to search and seize an unauthorized radio transmitting set at 119 Baikal Road. An inspector of the Administration Office who attended was informed that this was the residence of a British subject and the warrant could not be executed, and was referred to the British Court. When questioned regarding his grounds

for believing that a transmitting set was installed at that address, the inspector stated that tests had been carried out with radio beam direction finding instruments, and the tests had proved that a transmitting set was installed at 119 Baikal Road.

At 10.35 p.m. October 6, Mr. McLellan telephoned to Wayside Station and stated that a suspicious character was loitering outside his house. Police attended and took into custody a male Chinese who proved to be an agent of the Shanghai Telegraph Administration who had been detailed to collect information regarding the radio alleged to be installed at 119 Baikal Road. This man was later released and warned not to continue his observation duty.

Certified true copy.

.....

Special Branch.

October 6th, 1935.

Cancellation of Shanghai Special District Court
Search Warrant No.8144.

Shanghai Special District Court Search Warrant,
No.8144, issued on October 4, 1935, at the instance of the
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for the seizure of a wireless transmitting and receiving set
at 119 Baikal Road, is herewith forwarded for return to the
Court for cancellation.

The warrant could not be executed as the occupant
of 119 Baikal Road does not come under the jurisdiction of
the Shanghai Special District Court, being a British subject.

Certified true copy.

.....

Special Branch.

October 4, 1935.

Receipt of Shanghai Special District Court Warrant for
Seizure of Wireless Transmitting and Receiving Set at
119 Baikai Road.

At 12 noon October 4, 1935, a Search warrant, No.8144,
issued by the Shanghai Special District Court at the instance
of the Shanghai Telegraph Office of the Ministry of Communications,
was received by the D.C. (Sp.Br.) for the seizure of a wireless
transmitting and receiving set at 119 Baikai Road.

Before executing this warrant, inquiries were made
regarding the nationality of the occupant of 119 Baikai Road,
and it was found that the tenant is a British subject. He is
C.A. McLellan employed as inspector in the P.W.D. of the Council.

Hsu Tsong-nien (許宗毅), acting on behalf of the
Shanghai Telegraph Office, has been informed of the nationality
of the occupant of 119 Baikai Road, and that a Shanghai Special
District Court Warrant cannot be executed in this case. He has
asked what action the Municipal Police can now take in the case.

The representative when questioned about the source of
the information regarding the location of the transmitting set
stated that it had been traced by the Government Radio
Administration by means of "detectors" or "finders".

Certified true copy.

.....

5

**CONFIDENTIAL
DRAWER**

BRITISH CONSULATE-GENERAL,
P.O. BOX 286. SHANGHAI.
SHANGHAI MUNICIPAL POLICE
October 21st 1935
S. C. REGISTRY
S. B. D. 6813
22 10 35

Dear Bourne,

The Consul-General has received a letter from the Telegraph Administration alleging that a British subject named McLeilan residing at 119, Boikal Road is operating a wireless transmitting set. Translation of the letter is enclosed herewith.

It is true that there are no regulations binding on British subjects to prevent the use of such sets but under a resolution passed at the Washington Conference the establishment of radio stations in China by foreigners is restricted and we have always discouraged the setting up of any station by British subjects without the consent of the Chinese authorities.

The Consul-General would be much obliged if the Shanghai Municipal Police could supply him with any information regarding McLeilan and his wireless activities.

Yours sincerely,

J. B. Davidson

Major K.M. Bourne, M.C.,
Acting Commissioner of Police,
Shanghai Municipal Council,
SHANGHAI.

Translation.

From the Ministry of Communications Telegraph Administration, Shanghai, to H.B.M. Consul-General, Shanghai.

October 4th, 1935.

Sir,

This Administration has recently received a secret report to the following effect:

"In the house at No. 419, Beikal Road, Shanghai, there is a privately established wireless station which transmits and receives messages in contravention of the law."

The Shanghai First Special District Court was immediately requested to investigate and take action in accordance with law. It has now been discovered that the occupier of the above house is a British subject, and action should be taken with the assistance of the British Consulate. The establishment of a private wireless station is strictly prohibited by the laws and orders of China, and should be punished by law.

I am now sending Mr. Hsu Tsung-I, an official of this Administration, to call on you with this letter, and explain everything to you verbally. I shall be very grateful if you will give approval to sending an official in the company of Mr. Hsu to go to the above address and make a search, in order to help the administration of telegraph matters.

I have long been aware that your country has always respected the authority of the law, and, moreover, that a guiding principle with you is the sincere cultivation of friendly international relations, and therefore your assistance will of course

/be

2.

be given.

I request that you will note this matter and take action, and favour me with a reply.

I avail, etc.,

(sd) Fao K'o-yung,
Director.

H.M.M.

5

SHANGHAI MUNICIPAL POLICE.

File No. SHANGHAI MUNICIPAL POLICE
S. D. REGISTRY
B. D. 6813
Date October 22, 1935

S.1 Special Branch

REPORT

Subject (in full)..... Suspected installation of a radio set at 119 Baikal Road.

Made by..... D.S. McKeown

Forwarded by *D.S. McKeown*

In connection with the suspected installation of an unauthorised transmitting set at 119 Baikal Road, I have to report that Mr. C. A. McLellan, the occupant of the premises and an employee of the S.M.C., during a conversation with an acquaintance admitted that he had a combined transmitting and receiving set installed in his house, and that this set was specially imported from America for him by the directors of Radio Station XMHA. He added that though he had never used the set for transmitting purposes, he had frequently loaned it to Radio Station XMHA.

Radio Station XMHA is sponsored by the Radio Engineering Co., 445 Racecourse Road. Dr. W.H. Downs, an American dental surgeon, is said to possess the major financial interest in the venture.

Regarding the incident on October 6, when an agent of the Shanghai Telegraph Administration was arrested at the request of Mr. McLellan for loitering outside his house, but later released, Mr. McLellan mentioned that he had reported the matter to the British Consulate-General.

Mr. McLellan dismissed his two servants shortly after this incident.

W. H. Downs

D. S.

D.C. (Special Branch).

DC (Sp B)

Better be caught even
at S.I. F. if he is
indeed a friend of
suspect.

Please report further

SI W.B. W.B.
11/10/35 9 OCT. 1935

FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai,.....1935

To.....OCT 9 1935

Control Register,
C.A. McEllan
is I believe or was a
friend of S.I. Furess,
whom he frequently visited
at the R.V. {S.I. ^{S.I. Solutseff} ~~Comrie~~}
who were also at the
R.V. at the same time
could verify the above,
do you want me to
ring him up. Should this
be correct it would
possibly be of great

FM. 1

Memorandum.

POLICE FORCE,
MUNICIPAL COUNCIL.

Shanghai,.....1935

To.....

assistance to the
Sp. B-1 in making further
enquiries.

W.B.

P.A.

Forwarded. It would
be better for Special Branch
to get in touch with
Furess. I think.

W.B.
C/R 9/10

q.c.p.

Information, suggest
Special Branch contact
enquiries as above.

9 OCT. 1935

W.B. P.A.

STL.

FM. 8
G. 4CM-9-35

SECRET

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. D. REGISTRY
File No. S. B. D. 6813
S. 1., S. B. 22/10 35
Date October 27, 1935

REPORT

Subject: Activities of the Shanghai Telegraph Office of the Ministry
of Communications regarding suspected installation of a wireless
transmitting set at 119 Baikal Road.

Made by: D.S. McKeown Forwarded by: J. Gault C.S.

In July this year, a report was received in this Branch to the effect that an unauthorised radio transmitting set was being operated in the Eastern District. Enquiries were instituted by the foreign and Chinese members of the staff of S. 1., and, although no definite evidence could be obtained, suspicions were aroused concerning house No. 119 Baikal Road, the residence of a foreign employee of the S.M.C., C.A. McLellan. This man, a British subject, is an inspector in the P.V.D., and suspicions were aroused partly from the fact that the aerial equipment above the house seemed to be beyond the requirements of the most powerful receiving set. Two fairly large masts are erected outside the house, and the antenna is equipped with approximately 40 insulators. This apparatus has given rise to considerable discussion among the foreign residents of Wayside district, but no one has succeeded in obtaining an invitation to examine the radio inside the house. Only one or two of Mr. and Mrs. McLellan's most intimate associates are allowed to enter the house, and all business is conducted on the doorstep.

* See 10.8.010

Mr. McLellan is on intimate terms with Landesen, a well-known Soviet agent and has introduced him to a Masonic lodge. Mrs. McLellan is of Russian extraction, and has three brothers who are Soviet employees in Vladivostock; one of them is a member of the G.P.U. She has visited Vladivostock two or three times during the last few years. She openly states that she is pro-Soviet. Until recently two other persons were residing in the house with the McLellans, one a Filipino and the other an attractive

SHANGHAI MUNICIPAL POLICE.

REPORT

-2-

..... Station,

Date..... 19

Subject.....

Made by..... Forwarded by.....

looking young foreign woman said to be the wife or paramour of the Filipino. Apart from the fact that she was the constant companion of Mrs. McLellan, nothing is known of this woman.

Enquiries regarding the Filipino are still in progress. It is known that he has been in communication with a student or students of the Fudan University. During the past few months he has made several trips abroad, and always returned with large sums of money. There is every reason to believe that his name is Ramon Caro, an American subject, erstwhile owner of the Ram Car Company in Manila, and having a doubtful reputation. He is the associate of a British Eurasian named T.K.Knight, the owner of the Oxidite Battery Corp., lane 156, T.56-57, Liaoyang Road. Knight has accompanied Caro on his journeys abroad. Both Knight and Caro have a thorough knowledge of radio.

Efforts to keep a watch on the movements of Mr. McLellan have not proved successful, owing to the fact that he is ever on his guard and carefully avoids answering personal questions, and also because he has a fast car and it is practically impossible to follow him. There is reason to believe that he visited the Soviet ship s.s. "Sever" when she was in Shanghai on Saturday, Aug. 17.

On October 4, a search warrant was forwarded to the Special Branch issued by the Shanghai Special District Court at the request of the Shanghai Telegraph Administration Office to search and seize an unauthorised radio transmitting set at 119 Brikal Road. An inspector of the Administration Office who attended was informed that this was the residence

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT
-3-

Station,
Date..... 19

Subject

Made by Forwarded by

of a British subject and the warrant could not be executed, and was referred to the British Court. When questioned regarding his grounds for believing that a transmitting set was installed at that address, the inspector stated that tests had been carried out with radio beam direction finding instruments, and the tests had proved that a transmitting set was installed at 119 Baikal Road.

At 10.35 p.m., October 6, Mr. McLellan telephoned to Waiside Station and stated that a suspicious character was loitering outside his house. Police attended and took into custody a male Chinese who proved to be an agent of the Shanghai Telegraph Administration who had been detailed to collect information regarding the radio alleged to be installed at 119 Baikal Road. This ~~was~~ man was later released and warned not to continue his observation duty.

M. Brown
D. S.

D. C. (Special Branch)

Acting Commissioner of Police,
Sir,

Information.

J. G. Swens

9 OCT. 1935

SHANGHAI MUNICIPAL POLICE.

File No. 389

REPORT

Wayside Station,

Date. 6th October 19 35.

Subject: Activities of a member of The Chinese Telegram Administration,
Shanghai.

Made by D.S. MacLellan.

Forwarded by

Sir,

At 10.35 p.m. 6-10-35 a telephone message was received from Mr. C.A. MacLellan, attached to the S.M.C. Public Works Department and residing at No. 119, Baikal Road, to the effect that a male Chinese was loitering in the vicinity of his home.

S.I. Salt, C.D.C. 300 and the undersigned immediately attended and, on arrival at Baikal Road, near Informant's address, found C.P.C. 2001 with the suspect under arrest, his description being as follows:-

Named Ts Zang Sung (林) age 31, native of Shanghai, m/Telegram deliverer, residing in Nantao.

Mr. MacLellan was located at his home and identified the suspect as being the person in question, he having observed him loitering in that vicinity both on the nights of 5 and 6-10-35.

C.P.C. 2001, when questioned, stated that he had arrested the man on Baikal Road at the instigation of two unknown foreigners on suspicion of loitering. Mr. MacLellan denied that he was one of the two foreigners.

The suspect, when brought to the station, stated that for the past year he had been employed by The Chinese Telegram Association as a messenger boy at the Nantao office.

On 2-10-35 he was transferred to the Settlement office at 200 Szechuen Road, and detailed for Special duty on Baikal and Macgregor roads to secretly record the houses in which radios are installed.

The undersigned escorted the suspect to the office at 200 Szechuen Road, where the manager named Yuen Ling (林) verified his statement and gave a written chit to that effect.

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date. 19

Subject.....

Made by..... Forwarded by.....

Enquiries show that there are three men engaged in observation duty in this sector, their respective tours of duty being 5.30 a.m. to 1.30 p.m., 1.30 p.m. to 8.30 p.m. and 9.30 p.m. to 5.30 a.m.

D.S. McKeown (Special Branch) was informed and attended the station. Upon his instructions the suspect was released and warned not to return to his post but to proceed to his office and inform the manager to discontinue the observation duty.

D.S. McKeown

D.S. 10.

16/10
4-10

Senior Detective i/c.

D.D.O. "D".

O.I/c. Sp: Br:

SI

Please file comment
JAG

19 OCT 1935

SEARCH WARRANT, NO. 8144.

S. B. STATION:

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

(For Station use) :-

..... Judge.

..... Date.

(For Judicial Police endorsement)

Above document returned



0. 40,000-1-35



File No.....

Special Branch Station,

REPORT

Date 6th October 1935.

Subject Cancellation of S.S.D. Court Search Warrant No. 8144.

Made by Forwarded by

Warrant returned to Court on October 7, 1935. bbb

S.S.D. Court Search Warrant, No. 8144, issued on Oct. 4, 1935, at the instance of the Shanghai Telegraph Office of the Ministry of Communications, for the seizure of a wireless transmitting and receiving set at 119 Baikal Road, is herewith forwarded for return to the Court for cancellation.

The warrant could not be executed as the occupant of 119 Baikal Road does not come under the jurisdiction of the S.S.D. Court, being a British subject.

F. Crutk.
S. S. I.

S.S. (Special Branch)

7/10
6/11

SECRET

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. E. REGISTRY

S. B. D. 6813
Special Branch Station, 35

REPORT

Date October 4 1935

Subject Receipt of S.S.D. Court Warrant for Seizure of Wireless Transmitting
and Receiving Set at 119 Baikal Road.

Made by..... and Forwarded by C.D.I. Grubb

At 12 noon October 4, 1935, a Search Warrant,
No. 8144, issued by the Shanghai Special District Court at
the instance of the Shanghai Telegraph Office of the Ministry
of Communications, was received by the D.C. (Sp.Br.) for the
seizure of a wireless transmitting and receiving set at 119
Baikal Road.

Before executing this Warrant, inquiries were
made regarding the nationality of the occupant of 119 Baikal
Road, and it was found that the tenant is a British subject.
He is C.A. McLellan employed as inspector in the P.W.D. of the
Council.

Hsu Tsong-nien (許宗年), acting on behalf of the
Shanghai Telegraph Office, has been informed of the nationality
of the occupant of 119 Baikal Road, and that a S.S.D. Court
Warrant cannot be executed in this case. He has asked what
action the Municipal Police can now take in the case.

The representative when questioned about the source
of the information regarding the location of the transmitting
set stated that it had been traced by the Government Radio
Administration by means of "detectors" or "finders".

C. D. I. Grubb
C. D. I.

D. C. (Special Branch)
Acting Commissioner of Police,

C. D. I. Grubb
Please tell Hsu
Tsong-nien to put his
case before the
British Police Magistrate,
and if a warrant is
issued the Police will
act as agents of the
Court in effecting its
execution.

III Sir
Hsu Tsong-nien has been informed in accordance with
your instructions *MG*
4/35

- 4 OCT. 1935

4 OCT. 1935

院法方地區特一第海上蘇江
District Court For The First Special Area In Shanghai.

送To S. B.

期日 Date October 4, 1935.

Nature of Document 容內件文

Search Warrant No. 3144 issued by Judge Feng
at the request of the Shanghai Telegraph
Office, Ministry of Communication.

Address* 119 Baikal Road.

To search for and seize certain wireless
transmitting and receiving set on the
above mentioned premises.

*SI the address is
made sure of a Chinese.*

警員丁

4 COPY-

DISTRICT COURT FOR THE FIRST SPECIAL AREA IN SHANGHAI.

To Special Branch.

Date: October 4, 1935.

Nature of Document.

Search Warrant No. 6144 issued by Judge Jeng; at the request of the Shanghai Telegraph Office, Ministry of Communication.

Address: 119 Baikal Road.

To search for and seize certain wireless transmitting and receiving set on the above mentioned premises.

(sealed) Writing.

SHANGHAI MUNICIPAL POLICE.

File No. REL
D. 6813

S.1, Special Branch 37

REPORT

Date January 5, 1937

Subject Broadcasting of Obscene Story from Li Zu Tuh Daung

Broadcasting Station

Made by D.I. Sih Tse-liang

Forwarded by

Chun-wei

With reference to the attached report on the broadcasting of an obscene story from the Li Zu Tuh Daung Broadcasting Station, 250 Burkill Road, on December 28, enquiries show that the troupe concerned is managed by Tsu Zien-kung (male) and Tsang Mei Yuin (female), and consists of six persons (3 male and 3 female). Tsu and Tsang who are singers of Pootung songs, obtained the contract for broadcasting daily between 1.30 p.m. and 2.15 p.m. from the Li Zu Tuh Daung Broadcasting Station about six months ago; the contract expired on January 1, 1937. The programme differed every day and consequently the story mentioned in the attached report has not been repeated since December 28, 1936.

Tsang Mei-yuin (張美雲), one of the managers of the troupe, during an interview, denied any knowledge of the broadcasting of the story in question, but stated that some of the troupe might have broadcasted the story without permission. She gave assurance that stricter surveillance would be exercised in future.

Singers of the Pootung songs or stories have a society entitled the "Pootung Song Research Society" (上海市中曲歌劇研究會) with an office at 8 Foh Chong Li, Yunnan Road. The society came into existence on November 28, 1934. It is controlled by a standing committee of the following five members :-

- Wong Siao-sing (王筱新),
- Sz Tsung-hsien (施春軒),
- Chang Wen-tsing (張文俊),
- Liu Tsz-yuin (劉子雲).

D.Y. (S.B.)

D.O. B
Information
I shall be
glad to further
inquire.

S.1.
K. I. V. &
write further
program



S.1. *inf.* D.R. 61. *Noted* Jan 6/1937

Noted - *Suplt. Jan*
info. *Ref. 4/1937*

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

..... Station,

Date..... 19

- 2 -

Subject.....

Made by..... Forwarded by.....

Zah Kung-foh (李 洪 福).

Some 500 out of 540 singers in Shanghai and suburbs have joined the Society at present.

The object of this Society, which is managed under the supervision of the local Tangpu and the Bureau of Social Affairs, is to purge songs of obscenity, and prohibit members from singing or relating songs or stories of a nature which may endanger public morality. Up to the present, the Society has announced with the permission of the Bureau of Social Affairs the prohibition of some sixteen songs or stories, and will apply to the Bureau for permission to extend the prohibition to three others including the one mentioned in the attached report.

Any member of the Association ignoring the prohibition will be reported to the Chinese Authorities who may impose punishment upon the offender by suspending him from operating in Shanghai for a certain period. In imposing this punishment, the Chinese Authorities have the co-operation of the Shanghai Broadcasting Station Owners' Association, 323 Kiangse Road, members of which have to obey instruction under the conditions of the permit issued by the Ministry of Communications.

D.B.R.
5/1

Sih Jui liang

D. I.

D.C. (Special Branch).

Sin
note
Y.H. Liu
6/1/37

"B" Divisional Office,
December 28th, 1936.

Sir,

The following story was broadcasted at the
Li Su Tuh Daung Broadcasting Station, No. 250 Burkill
Road by Tsu Zien hung and Tsang Mei Yuen between 1.45
and 2.30 p.m. 28. 12. 36.

A girl named Zi Ah Tseng had a sweet-heart and
she was three months in pregnancy by this man. When
this man got married to another girl he came to inform
her about his marriage and advised her also to marry
another man. She worried about her being in pregnancy
and asked him what should she do. He advised her to
buy Zo Hyang and Lai Mau from Chinese medicine shop and
place them in her navel and stick Chinese plaster over it.
He also advised her to buy a piece of grass known "Tai
Tsih Tsau" and insert same into her organ three inches
(one inch for each month of pregnancy). She would then
feel shivering cold and fever. Abortion is then succeed.

In my opinion this sort of a story is very
objectional according to police point of view.

*P.A.
Confirm by
listening in
today a report*



*S.I.
D.B.R.
29/12*

D.C. "B"
D.C. (S.B.)
Information.
Red. Jones.

W.H. Rice
Superintendent

SHANGHAI MUNICIPAL POLICE.

File No.

Station,

REPORT

Date. 19

Subject.....

Made by..... Forwarded by.....

biographies on pavements, however, was not mentioned).

They also imitated songs and languages used by these beggars while soliciting aid from pedestrians and housewives.

As nothing was mentioned about the assault upon the beggars in the synopsis as well as during the broadcasting on April 23, Sung Siao Ding, one of the two comedians was interviewed on April 26 and asked for an explanation. In reply he denied having included in his programme any expression of assaulting and wounding of beggars by policemen, but admitted that he mentioned about beggars being constantly driven from the streets by policemen. He explained that in making the statement he entertained no antagonism towards the S.M.P. and that his object in stating so was to impress upon the people of the disadvantage of becoming beggars in consequence of their extravagance, etc. In conclusion the caller promised that in order to avoid further misunderstanding he would make no further use of the story.

Sik Jui Huang
C. D. I.

st.
D.C. (Special Branch).

D. B. R.
26/4

SYNOPSIS

If you don't behave properly you will suffer

On the 1st and 15th of the lunar moon, the gates of the temples open; on both sides are kneeling a number of down-hearted beggars.

I hold with my left hand a basket and shout "good mesdames, would you give me a copper." "Thank you, mesdames and gentlemen, I hope you will win the 1st prize of the lottery tickets, be rich and live long."

Oh! There comes a big proprietor who dresses nicely and appears to have good luck.

"Be pitiful on me," I cry, "I haven't had a bowl of rice for the past few days and am starving to death."

The proprietor instead of giving me a copper reprimands me and I cannot help bursting into tears. My parents treated me like a pet, I did not work but chose the best to eat and dress, gambled and frequented brothels. All my properties are thus gone. When I began to repent I was already a beggar.

At present I wear ragged clothes and have to go in snow and rain.

I wish to advise you, big proprietors, to let your sons learn a profession so that they may earn a living in future. I, Woo Saung Ngan, ~~being~~^{having} failed to learn a job during my boyhood, am now compelled to become a comedian in order to maintain my life.

勾子好要落难

白一月半。庙门开。旁边走出告化人。偏心人鬼。地浪卷下来。

左手。拿三斤。蓝。蓝板地浪娘之太。喊。。。。。

付一斤好铜板。

谢。太。大老板。保佑。保着。玩彩。

长命有富贵。

喔。来。一斤大老板。身浪衣裳。打推板。

福气正之者。

苦。告化子。要。饿死者。三口。不吃。吃着一碗饭。

正。饿。救者。

碰着。老板。拿我。眼睛。蛋。向。铜板。告我。化。还。

眼。疼。活。下。来。

因为。翁。娘。拿我。腕。宝贝。勾。做生意。吃着。嫖。赌。在。号。

会。家。才。用。完。

现在。想。正。凹。灰。等。到。明白。已经。做。笔。山。

身。浪。地。一。片。来。揪。一。只。着。落。苦。雨。冷。得。救。命。喊。

性命。推。板。一。呆。

奉。劝。诸。位。大。老板。养。出。伙。子。生。意。学。一。呆。

竹。来。好。吃。饭。像。我。何。双。呆。促。小。生。意。勿。

肯。为。一。呆。现在。好。吃。闹。口。饭。

(完)

"B" Divisional Office,
April 23rd, 1937.

D.O. "B"

A story known as "Kau-di-zaung" (a method of begging by the literary class of beggars chalking their history on the path) was broadcasted at the Hwa-shing Broadcasting Station, 19 Tsingtao Road by the Comedians Woo Sau Ngan and Sung Siao Ding between 5.30 and 5.40 p.m. 22.4.37. They again alleged that the police maltreated the said begger by beating him with a baton and causing numerous lacerated wounds.

Hui Yung-kun
Superintendent.

Officer i/c Sp. Br.

Information, please.

Jas Sinclair
Divisional Officer.

b.D.I. Sih

For enqs + report

Tb 23/4

S.A.
DBR
23/4

SHANGHAI MUNICIPAL POLICE.

File No. 6813/8

S.1, Special branch

REPORT

Date January 8, 1937.

Subject Radio broadcast entitled "Victim of Opium" by the Hwa Hsing
broadcasting Station, 19 Tsingtao Road.

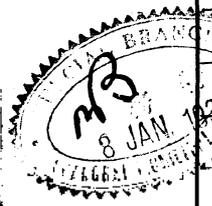
Made by D. I. Sih Tse-liang

Forwarded by *Quinn*

with reference to the broadcasting of the story entitled "Victim of Opium" in which it was alleged the victim was maltreated by foreign policeman and warders, from the Hwa Hsing broadcasting Station, 19 Tsingtao Road, between 5.15 p.m. and 6 p.m. December 29, 1936, by two comedians named Woo Saung-ngan (何双泉) and Sung Siau-ding (沈笑亭), a copy of the synopsis of the story has been obtained, and its translation is attached to this report. As nothing is mentioned in the synopsis about the alleged maltreatment, Woo Saung-ngan, one of the two comedians, was interviewed on January 7, 1937, and asked for an explanation. In reply, Woo admitted that the written synopsis was an amended one and remarked that, strictly speaking, people of his profession did not as a rule prepare synopsis word by word, but a brief outline of the story.

File.
DBR
10/1

D.O.B



With reference to the allegation against the foreign policeman and warder, Woo admitted that it might have been included in the story broadcasted on December 29, 1936, but stated that during the last few days when the story was re-broadcasted, all parts relating to the assault were omitted. In conclusion Woo gave an assurance that he and his partner would refrain from using such libellous remarks in stories in future.

Woo Saung-ngan and Sung Siau-ding have been broadcasting from the Hwa Hsin broadcasting Station, 19 Tsingtao Road, for the past ten months. Their office is located at No. 10 Dao Teh Li (道德里), Rue Amiral Bayle near Avenue Koch.

DBR
8/1

Sih Tse Liang

D. C. (Special Branch)

D. I.

Supt. Lin
RAY 9/1

Sih Tse Liang
9/1

Translation of the synopsis of the
story entitled "Victim of Opium"

One inch of time is worth one inch of gold, but with one inch of gold, you cannot buy one inch of time. An old saying runs, "it is not a strange thing to lose gold, but when you lose time, you can never find it." I am a sick man. I am twenty six years old. I am really a young man. My parents possess a great deal of money, and love me dearly. My mother hopes that I may be able to earn my livelihood when I grow up. When I am in my teens, I am lazy in learning a trade. I indulge in eating, dressing myself in fine clothes, frequenting brothels and in gambling. Incidentally, I become addicted to opium smoking. At first I smoke opium as a pastime, but eventually the habit becomes so strong that I cannot afford to live without smoking opium three to five times a day. When the craving is not satisfied, tears will run down my cheek. I have spent the property of my parents on opium smoking and the habit has reduced me to a shadow of my former robust self. My head resembles an electric bulb and my eyes lotus seeds. My nose looks like a medicine bottle and my ears water chestnuts. My mouth resembles a dumpling and my neck the handle of a broom. My arms look like foreign ginsengs. My legs resemble two straw ropes. In the distance, I look like a dead frog and on closer inspection I resemble a small monkey. Finally, my father publishes an advertisement in the newspapers announcing the severance of our relations as father and son. He drives me out of the family. Once driven out, I suffer terribly. I do not care much about rice, but I cannot live without opium. I borrow money from all my friends and relatives and pawn all my clothes I have on. In the day time, I beg ~~me~~ ~~clms~~ on the streets; at night I stay in an opium den.

One day, two detectives arrest and send me to the Police Station. I am later sent to a prison. A foreigner asks me why I, as a young man, wish to become an opium addict and to make an ugly figure of myself. When I was at home, I used to desire to get out. Now I am imprisoned. In the summer, the prison is so hot that I can scarcely stand it. In the winter, I have to sleep on the cold cement floor. There are no stoves or steam heating in the prison. Every day, I have to take a cold water bath. The bath is so terribly cold that I sometimes cry for my life. The sufferings I receive are beyond description. There is no body to whom I can complain of my sufferings. I have to blame myself for contracting the habit of opium smoking. I am only twenty six years of age, but my reputation has been damaged. As I am not accustomed to the living conditions in the prison, I become sick and later unconscious.

Opium is really a scourge to the people and has caused the death of many persons. Since its introduction into China, thousands upon thousands of people have become opium addicts. Their property is spent on opium. Steamers and houses which they possess are sold to satisfy their craving. Their wives become the wives of others and their sons step-sons of others. Their daughters are sold to satisfy their craving. The only things left to them are one opium pipe and one opium lamp. I advise good brethren not to smoke opium so that they can enjoy good health. If some of them have contracted the habit of opium smoking, they must cure themselves of the evil at once. They must show fortitude in getting rid of the habit.

In my case, I am very anxious to cure myself of the habit, because I can no longer bear the attendant sufferings, but it is too late to save my life.

"B" Divisional Office,
December 31st, 1936.

Sir,

Two comedians named Woo Sau Ngan and Sung Siau Ding broadcasted a song known as "Victims of Opium" at Hua Hsing Broadcasting Station, 19 Tsingtao Road between 5.15 and 6 p.m. December 29th, 1936.

The song describes a young man named Wong Ah Mau who was from a rich family addicted to opium habit. In consequence of this he was driven out of the family by his parents. He was picked up one day by detectives from a certain alleyway for smoking opium and taken to a police station where he was beaten and kicked by a Foreign policeman. He died shortly afterwards from injuries received but revived again. On being taken to the Court he was convicted and sent to the Municipal Gaol to undergo his punishment. During confinement he was subjected to taking of cold baths which is unbearable, kicked by foreign warders with foreign boots and struck by Indian warders with butts of their rifles.

The song itself is good because it tells people not to smoke opium or those who are addicts to get rid of this habit as soon as possible, but the allegations against the police and Gaol Authorities are absurd.

2137
2112

D.O. "B"

E.L. (S.B.)

Information



Lin Yung-wei
Superintendent.

D.O. B 3/2

牙片烟膏药扣司胎

一寸光阴一寸金，寸金难买一寸光阴。老话活。失落黄金与落人
年，心老，正苦。想汗支用度，细骨，那瘦得我一到十我岁
生烟来吃上。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
要三三。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
千。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
心。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
他。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
送。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
脱。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
相。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
寸。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
行。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
星。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
西。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
越。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
要。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
不。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛
不。那得勿首做，到白相物要眼屎味甜了。那了看眼睫毛

February 5, 1937.

4
Morning Translation.

the particulars of damages submitted by the plaintiffs were fabrications, Chen Fah Tse has now filed a charge of attempted extortion against these 141 persons in the Shanghai District Court at Nantao. As the alleged offence occurred in the International Settlement, the case was transferred by the Shanghai District Court to the Shanghai First Special District Court.

Yesterday afternoon Chen Fah Tse was interrogated by Judge Tai Yung To (戴榮輝) in the Shanghai First Special District Court. The case was adjourned. Summonses will be issued against the 141 defendants.

Lih Pao and other local newspapers :-

THE JAPANESE RADIO STATION XQHA

There is in Shanghai a Japanese radio broadcasting station whose calling signal is XQHA. According to newspaper reports, the programme of this radio station is frequently interrupted by a strange wave length.

According to the Director of the Shanghai Telegraph Administration, this Japanese radio station has no right to use its calling signal and wave length, nor has it the right to operate as a radio broadcasting station, because the management of this station, before it was bought over by Japanese from the American owners, had failed to secure the approval of the Ministry of Communications. Following the illegal transfer of this station to Japanese ownership, the Ministry of Communications has withdrawn its calling signal and wave length. It is learned that any legitimate radio station may now apply to the Ministry of Communications for the use of the letters XQHA as a calling signal and wave length No. 580.

Min Pao and other local newspapers :-

MR. WANG CHING WEI COMING TO SHANGHAI FEBRUARY 6

According to information secured from the local residence of Mr. Chu Min Nyi, a member of the C.E.C., Mr. Wang Ching Wei, President of the Central Political Council, will come to Shanghai on February 6 to attend to various official and private affairs. Mr. Wang will not remain long, because he has to return to Nanking to attend the Third Plenary Session on February 15.

Sin Wan Pao and other local newspapers (Nanking Telegram) :-

GENERAL CHIANG KAI SHEK STILL IN HANGCHOW

On the afternoon of February 4, General and Madame Chiang Kai Shek made an inspection of various districts in Hangchow, after which they made a trip up to Wu San and Chu Yang San Mountains.

According to the Central News Agency, Dr. H. H. Kung, Minister of Finance, left Nanking for Shanghai by train on the night of February 4.

February 5, 1937.

SECRET
S. S. SECURITY
No. 1
Date 1 / 1

MAINICHI

AMBASSADOR KAWAGOE LEAVING FOR NANKING

Ambassador Kawagoe will leave for Nanking on February 6 or 8 to resume the Sino-Japanese negotiations. Mr. Tajiri, First Class Secretary, left for Nanking on the morning of February 4.

JOINT CONFERENCE OF JAPANESE CHAMBERS OF COMMERCE IN CHINA

At 1 p.m. yesterday the Shanghai Japanese Chamber of Commerce held a meeting at the Japanese Club to consider the joint conference of all Japanese Chambers of Commerce in China. The meeting decided to hold the conference on March 11. It will last three days. Chambers of Commerce in Japan will be invited to send representatives to attend the joint conference in Shanghai.

CHINESE MINISTRY OF COMMUNICATIONS INTERRUPTS PROGRAMS OF JAPANESE BROADCASTING STATION

It is reported that the broadcasting by the Japanese station XJHA is being interrupted by the Ministry of Communications. Mr. Pau, chief of the local Government Telegraph Office, states that the station XJHA, which was purchased by a Japanese from an American, had not secured the approval of the Ministry of Communications for the transfer, therefore, the transaction was illegal.

As the transfer is one concerning Japanese and Americans, the Ministry of Communications has no right to cancel the station's wave-length.

ESTABLISHMENT OF POST OFFICE ON JAPANESE SHIPS:
CHINESE POSTAL REGULATIONS NOT VIOLATED

In connection with the establishment of a post office on the s.s. Shanghai Maru and the s.s. Nagasaki Maru by the Japanese Ministry of Communications for the benefit of both Japan and China, a certain Chinese organ states that Japanese stamps are being sold on the steamers. For this reason, the Chinese Post Office sent Mr. Wong, an officer to make an investigation on the ship.

Mr. Wong states that on February 3 he visited the s.s. Nagasaki Maru. He declares that the post office on the ship did not constitute a violation of the Chinese Postal Regulations as Chinese stamps were used on letters in accordance with international Postal Law and no postal business was done by the post office during the period that the ship was moored at the wharf.

FM. 2
G. 45M-1-36

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
REGISTRY
File No. *6913*
No. S. D. D. *3*
S. I. Special Branch *3/1*

REPORT

Date: *March 4, 1937.*

Subject: *Sight local broadcasting stations ordered to cease functioning.*

Made by C. D. I. *Sik Tse-liang* Forwarded by *T. Byrne D. S. I.*

Six representatives of the six broadcasting stations which ceased operations on February 2, 1937, by order of the Chinese Telegraph Administration, and three representatives of the Shanghai Municipality Broadcasting Station Owners' Association, left Shanghai for Nanking on February 25. The object of this delegation was to appeal to the Government authorities for cancellation of the order affecting closure of the above mentioned broadcasting stations, as well as the order affecting all broadcasting stations, in general, requiring them to devote one third of their broadcasting time to educational programmes (Vide Special Branch Report dated February 25, 1937). The delegation returned to Shanghai on February 28.

According to Wong Wan-bah (王完白), Chairman of the Broadcasting Station Owners' Association, the mission resulted in failure. It is further learned that the Ministry of Communications has instructed the Chinese Telegraph Administration to buy over from the stations affected the apparatus used by them in broadcasting, in order to relieve them of financial loss. The order also intimates that the educational programme might include semi-educational subjects.

Sik Tse-liang
4/3

Sik Tse-liang
C. D. I.

D. C. (Special Branch)



2.

RECEIVED
S. S. ADMINISTRATION
181710

March 2, 1937.

Afternoon Translation.

Lih Pao publishes the following telegraphic reports:

CERTAIN NATIONAL ATTEMPTS TO CREATE DISTURBANCES IN
KWANGTUNG AND SHANTUNG PROVINCES

According to information received by the Kwangtung Provincial authorities, certain nationals have secretly entered Kwangtung Province to engage "white" Russians to carry out certain plans. The provincial authorities have instructed the military and police organs to adopt strict precautionary measures against trouble.

Some 30 suspicious looking Japanese have arrived at Tsingtao from Japan. Disguised as Chinese, they have secretly gone to Chuen-Fu (曲阜), Lan-Yang (萊陽), Tsing-Chow (青州), Tai-An (泰安) and Chao-Chwang (棗莊) Heiens in Shantung Province to undertake certain activities. The provincial authorities have notified the various Heien authorities to pay close attention to these activities.

Min Pao and other local newspapers:

THE GOVERNMENT AND LOCAL BROADCASTING STATIONS

The Dong Loh (同樂) and five other broadcasting stations have been ordered by the Chinese authorities to close. The local Radio Broadcasting Station Owners' Association the other day appointed three members of the Standing Committee of the Association together with the delegates of the six broadcasting stations to submit an appeal to the Nanking authorities.

The representatives arrived at Nanking on February 27 and submitted appeals to the Central Kuomintang Headquarters, the Executive Yuan and the Supervisory Yuan.

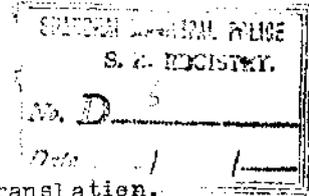
They were informed that the matter would be referred to the competent organs to be dealt with according to law and circumstances.

At the Ministry of Communications the representatives were received by two departmental chiefs and informed that adequate measures to cope with the six broadcasting stations in question had been drawn up and that the Shanghai Telegraph Administration had been confidentially ordered to handle the matter on the basis of these measures. The officials added that the Ministry had no intention as yet to suppress certain broadcasting stations.

As regards broadcasting programmes, another departmental chief stated that proper stories, music, talks etc. could be included in the educational programmes and that short and simple advertisements could be broadcasted either before or after the programmes. He added that the programmes could be changed at any time and that measures governing the issue of subsidies to broadcasting stations would be devised and drawn up.

The representatives returned to Shanghai on February 28.

2



March 1, 1937.

Morning Translation.

National Herald and other local newspapers :-

THE LOCAL BROADCASTING STATIONS

In technical matters, the local broadcasting stations are subject to the control of the Ministry of Communications, while the programmes they broadcast are under the supervision of the Broadcasting Business Directing Committee recently formed by the National Government.

All programmes must be submitted to the Directing Committee for approval before they can be broadcasted. Forty per cent of the programme must be devoted to educational subjects and sixty per cent to amusements. All programmes which do not comply with this rule are rejected by the Committee. Good results have been secured by the enforcement of the rule.

The Directing Committee is drawing up a time table, setting aside certain hours for the broadcasting of educational programmes and amusement programmes. The time table will be put into force at the end of March. The contents of the programmes will be decided by the broadcasting stations, but they will be subject to approval by the Directing Committee as before, and the proportion between ^{the} educational programme and the amusement programme must be maintained.

Shun Pao and other local newspapers:

Mr. Wong Huai Pah (王完白) and other representatives detailed by the local Broadcasting Station Owners' Association to petition the National Government to rescind the order closing down eight local broadcasting stations returned to Shanghai from Nanking yesterday morning.

It is learned that the Ministry of Communications has promised to consider their petition.

A general meeting of the local Broadcasting Station Owners' Association will be held in the near future to discuss the situation.

Central China Daily News dated Feb. 27:

THE OPIUM SUPPRESSION CAMPAIGN

The Ministry of Justice has issued a circular order to all Courts throughout the country to instruct Bar Associations to ascertain whether any of their members are opium smokers and to compel such members to resign from the Bar Association concerned. They will also be disbarred.

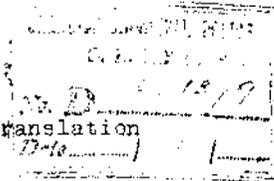
Central China Daily News and other local newspapers:

BUDDHIST ASSOCIATION TO ENTERTAIN DR. RAO

The local Buddhists' Association will hold a meeting in a few days to welcome Dr. Rao, the noted Indian scholar. Dr. Rao will be requested to deliver an address.

February 28, 1937.

Morning Translation



Sin Wan Pao publishes the following telegram from Nanking :-

LOCAL BROADCASTING STATIONS

At 9 a.m. February 27, Mr. Wang Hwai Pah (王完白) and other representatives of the Shanghai Public Broadcasting Station Owners' Association called on Mr. Oung Vung Hao (翁文灏), Secretary-General of the Executive Yuan, and requested:

(1) The withdrawal of the order prohibiting the Sin Sun (新申), the Dong Loh (东洛) and six other radio stations to broadcast programmes,

(2) The postponement of the period for the closing of these stations so as to enable them to dispense with the services of their employees if the Ministry of Communications insists on their suppression in which event it is requested that the Ministry take over the radio stations against payment.

(3) The revision of the measures which stipulate that half of the time of broadcasting should be devoted to educational and amusement programmes, because such a scheme would prove harmful to the business of radio stations.

Mr. Oung, the Secretary-General of the Executive Yuan, promised to transmit their request to the Ministry of Communications.

At 2 p.m. the same day the representatives called at the Ministry of Communications and submitted their appeal. The representatives also submitted an appeal for assistance to the Ministry of Industry. They left Nanking for Shanghai by train the same day.

Shun Pao and other local newspapers :-

THE MOTOR TRUCKS CARRYING FISH DEALERS

In view of the frequent occurrence of accidents involving motor trucks carrying fish dealers, due to negligence on the part of the drivers, the Shanghai Fish Market has drawn up certain measures. The Fish Market will summon the representatives of the various motor truck hire companies to an informal meeting to be held at the Market on March 2 to discuss measures to prevent accidents.

The Fish Market has also written to the Shanghai Bureau of Public Utilities and the Traffic Departments of the French Police and the S.M.P. requesting them to draw up regulations to prevent accidents involving trucks carrying fish dealers, and to hold a monthly inspection of the engines of the trucks.

THE PACTUNG FELLOW COUNTRYMEN'S ASSOCIATION

The Pactung Fellow Countrymen's Association publishes an advertisement in to-day's issue of Min Pao and other local newspapers announcing that a general meeting of members will be held to-day (February 28) at which speeches and stage performances will be given from 1 p.m. to 2.30 p.m.

THE WATER RATE QUESTION

The Real Estate Owners' Association will hold a meeting at 3 p.m. to-day at its office to discuss the increase in the water rate.

SHANGHAI LEGAL PRESS
S. H. HONGKONG
No. D 6813/9
Date Feb 27 1937

February 27, 1937.

2

Morning Translation.

Ta Kung Pao and other local newspapers :-

THE ARREST OF MR. LIEU LOO YING

Mr. Lieu Loo Ying, a member of the C.E.C. of the Kuomintang, was arrested on February 24 at the Yangtze Hotel in connection with the murder of General Yang Yung Tai, former Chairman of the Hupoh Provincial Government, and Mr. Tang Yu Jen, ex-Vice Minister of Foreign Affairs. He is now being detained at Chengtu Road Police Station and is favourably treated. His meals are sent to him by his family and his wife visits him occasionally. Persons who desire to see him must first get permission from the Police Station and the approval of Mr. Lieu himself. So far, he has received only one or two visitors.

His case will be resumed on the morning of March 1 when an application for his extradition will be made by the Chinese authorities.

Min Pao and other local newspapers:

THE GOVERNMENT AND LOCAL BROADCASTING STATIONS

Some time ago several local broadcasting stations, namely Dong Loh (同樂), Chow Yu Kee (周協記), An Ding (安定), Shih Ying (市音), Wei Ling (惠靈), Sin Sun (新聲) and other radio broadcasting stations, were ordered by the Ministry of Communications to cease functioning.

In view of the fact that as these broadcasting stations were established only after permission had been secured from the Ministry of Communications in accordance with the regulations of the Ministry governing the control of public broadcasting stations, they must be regarded as legitimate stations, and consequently they are entitled to Government protection if they have not committed any violation of the regulations.

As their petition to the Ministry of Communications on February 4 requesting cancellation of the order and the promulgation of measures relating to the standard equipment of radio stations operated by the people has been rejected, the entire body of local public broadcasting stations have decided to cease broadcasting to-day and will appoint representatives to proceed to Nanking to appeal for assistance.

Ta Kung Pao and other local newspapers:

WU MEI'S SON RETURNS TO SHANGHAI

Lawyer Wu Mei (吳邁) was murdered at Hongkong last month. His son, Wu Wei Ya (吳威亞), who went to Hongkong to attend to the funeral of his father, returned to Shanghai the other day.

SECRETARY GENERAL'S OFFICE
S. H. EXCHANGE
No. D 1877
Date 1/1/37

2.

February 26, 1937.

Afternoon Translation.

Ta Kung Pao and other local newspapers (Nanking telegram) :-

GENERAL SUNG WEI SZ ARRIVES AT NANKING

General Sung Wei Sz, Chairman of the Shensi Provincial Government, in company with five Divisional Commanders of the North-East Army of General Chang Hsueh Liang's forces, arrived at Nanking on February 25 from Sian by aeroplane. In the evening, they called on Mr. Yu Yu Jen, President of the Control Yuan, and Dr. H.H. Kung, the Finance Minister. They will call on General Chiang Kai Shek on February 26. The five North-East Divisional Commanders will proceed to Fenghua to see General Chang Hsueh Liang.

Society Evening News :-

General Yu Han Lou, Pacification Commissioner of Kwangtung, and General Huang Shu Tso, Chairman of the Kwangsi Provincial Government, who attended the Third Plenary Session of the Kuomintang at Nanking, arrived in Shanghai at 7 a.m. February 25 by train. At 8.20 a.m. they proceeded to Hangchow. If time permits, they will leave for Fenghua to interview General Chang Hsueh Liang.

General Chiang Ting Wen, the Fokien Pacification Commissioner, returned to Shanghai yesterday from Fenghua after seeing General Chang Hsueh Liang.

Sun Hwo Wan Pao :-

General Chang Hsueh Liang Proceeding to Nanking

Deeply grateful to the National Government for its generosity, General Chang Hsueh Liang is about to proceed to Nanking to offer his thanks.

General Chang and his wife went to Hangchow from Fenghua on February 25. After spending several days at Hangchow, General Chang will come to Shanghai en route to Nanking to call on General Chiang Kai Shek and General Ho Ying Chin, the War Minister, after which he will return to Shanghai for a stay.

Diamond (全相照) :-

LOCAL BROADCASTING STATION OWNERS PROCEEDING TO NANKING TO-DAY

Eight local broadcasting stations were recently ordered to suspend operations. Some days ago, the authorities announced that nine other broadcasting stations will be ordered to close down because they are improperly equipped.

The news came as a great surprise to the owners of local broadcasting stations. Their business will suffer heavily if the order of the Government that 40% of a broadcasting programme must be devoted to amusements and 60% to educational matters is enforced.

1877/10

February 26, 1937.

Afternoon Translation.

Meetings were held by them and it was decided to appoint three delegates to proceed to Nanking to-day to appeal to the Central Propaganda Department of the Kuomintang to revise the order and to devise measures for the relief of the employees of any of those broadcasting stations that may be ordered to cease functioning.

Holmes (福与摩斯), a mosquito paper, publishes the following article :-

PROTEST AGAINST ATROCITIES COMMITTED BY ITALIAN OFFICIALS
AND MARINES

When the Isis Theatre on North Szechuen Road was screening the picture "Abyssinia" on February 26, the local Italian Vice-Consul and the Commercial Attache, leading some 300 armed Italian marines and civilians, attacked the theatre, spread ammoria in the hall, destroyed the film and assaulted the spectators. Several tens of persons were injured.

The Isis Theatre is located in the extra-Settlement road area and is under the jurisdiction of the Chinese authorities. The attack constitutes contempt towards China's Police rights and is an act of hostility towards the 3,000,000 Chinese people in Shanghai.

The film in question was censored and approved by the Central Film Censorship Committee. The interference by the Italian officials and marines with the exhibition of this picture constitutes a reflection upon the Film Censorship Committee and impairs the dignity and sovereign rights of China.

The Chinese Government should lodge a strong protest with the Italian authorities and demand that an apology be tendered to our Government, that the offenders be deported and that compensation be paid. The Chinese residents here should demand that the highest local Italian authorities tender a separate apology to them and that an assurance be given that similar incidents will not occur again.

Chinese in various walks of life should express their views.

Lih Pao and other local newspapers (Nanking telegram) :-

GENERAL CHANG CHUN TENDERS RESIGNATION

According to the Central News Agency, General Chang Chun, Minister of Foreign Affairs, yesterday again sent in his resignation to the National Government despite the fact that General Chiang Kai Shek, President of the Executive Yuan, has requested him to remain at his post.

SHANGHAI MUNICIPAL POLICE.

File No.

S.1. Special Branch *6-12/9*

REPORT

Date Feb. 25, 1937.

Subject Eight broadcasting stations in the environs of
Shanghai ordered to cease operations.

Made by C.D.I. Sih Tse-liang Forwarded by T. Boyer, D. I.

Further to the report dated February 4, 1937, regarding the eight local broadcasting stations which ceased operations on February 2 on the instructions of the Chinese Telegraph Administration, because they were improperly equipped and their broadcasting interfered with that of other stations, the owners of two of these concerns, namely, the Deng Fan and Hwa Kwang Stations, have decided to close down.

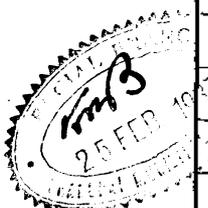
Six representatives from each of the remaining stations, together with three from the Shanghai Broadcasting Station Owners' Association (323 Kiangse Road) will leave Shanghai for Nanking separately to-day, February 25, where they will assemble and petition the Government authorities to cancel the order prohibiting the stations from broadcasting.

Information has also been received that, apart from the above matter, the representatives will request the Government authorities to cancel another order, which the stations recently received from the Ministry of Communications, instructing that the daily broadcasting must not exceed 12 hours and that one third of the time should be devoted to educational programmes and the remainder for amusement and advertisement purposes. The owners complain that this system is financially impracticable because, if it is enforced, the time devoted to advertisement will be less, thus reducing the income of the stations.

In order to show their unanimous support to the delegation to Nanking, the owners of local broadcasting stations who are members of the Shanghai Broadcasting Station Owners' Association, have decided to suspend broadcasting for one day on February 27, 1937.

Sih Tse-liang
C.D.I.

D.C. (Special Branch).



FILE
282
2072

February 24, 1937.

Morning Translation

(2) That Messrs. Koo Soong 'ou, Mr. Lao Ten, Ju Tsung San, Yi 'ook lo and Li Jung Bai (李俊才) be elected to serve on the Ricksha Coolies' Education Fund Committee, that Mr. Ying Ts ling, Messrs. Meng Kwun Ih, Wong Ping Yee, Zing Yih Chow and Tsu Tse San (朱芝山) be elected as members of the Education Committee.

(3) That a house in the vicinity of Boulevard des Deux Republiques near Rue Hue be rented as the office of the Ricksha Coolies' Education Committee.

(4) That the opinions of Ricksha owners be sought as to the large number of unleased rickshas in Nantao and Skapei.

China Times and other local newspapers :-

THE LOCAL BROADCASTING STATIONS

In February the Ministry of Communications ordered the Dong Loh (同樂), the Sin Sun (新聲), the Tseu Ya Kee (同協記), the Shih Ying (市音), the Wei Ling (惠靈), the An Ding (安定), the Tung Peng (敦本) and the Hwa Kwang (華光) Radio Broadcasting Stations in Shanghai to cease functioning as they were improperly equipped and were interfering with the broadcasting by other stations. The Ministry also issued an order to other broadcasting stations to the effect that the period of broadcasting must not exceed 12 hours a day, that all broadcasting must cease at midnight and that half of the time of broadcasting should be devoted to educational and amusement programmes.

With the exception of the Tung peng and the Hwa Kwang, the eight stations which have been ordered to cease operations have asked the Broadcasting Station Owners' Association to request the Ministry of Communications to rescind the order on the ground that the Ministry had approved their establishment; that they had never interfered with other stations; that all their equipment would become useless and a number of persons would become unemployed should the stations be forced to close. They requested that, if the Ministry of Communications insisted that they should close down their stations, their equipment be bought over by the Ministry.

Regarding the order for a 20 minute broadcast of educational programme and 40 minutes of amusement programme the Broadcasting Station Owners' Association expresses the opinion that this is financially impracticable because the income from advertisements will be reduced while the stations will have to expend a large sum of money on lecturers for the educational programmes.

Mr. Wang Wan Bah (王完白) and two other representatives of the Broadcasting Station Owners' Association, together with representatives of six other broadcasting stations, will proceed to Nanking to petition the Ministry of Communications and the Central Directing Committee in regard to this matter.

An entertainment was given to the Press by the Broadcasting Station Owners' Association at the Grand Hotel, Thibet Road, yesterday at which Mr. Wang Wan Bah, Chairman of the Association, made a report on these matters.

Mr. Wang also said that all broadcasting stations which are members of the Association will cease functioning on Saturday, February 17.

SHANGHAI MUNICIPAL POLICE
S. H. REGISTRY.
No. D 6813/9.
Date 20 2 1937

5

February 20, 1937.

Morning Translation.

Central China Daily News and other local newspapers:

CHINESE SEAMEN AND PILOTAGE RIGHTS

The 22 representatives who proceeded to Nanking on February 14 to submit an appeal to the various Yuans and other Government organs on behalf of the "Committee of Chinese Seamen to Request the Government to Recover Pilotage Rights" and the pilots in the employ of the Chinese and foreign shipping companies left Nanking for Shanghai yesterday afternoon.

It is understood that the National Government has agreed to refer the matter to the competent organs for consideration.

Upon their return to Shanghai, the representatives will hold a meeting with officials of various seamen's organizations at which a report on the appeal will be made.

Central China Daily News and other local newspapers:

THE SHANGHAI RADIO STATION OF THE MINISTRY OF COMMUNICATIONS

The Shanghai Radio Station of the Ministry of Communications has erected a pair of big, new aerial masts at the corner of Bubbling Well Road and Yates Road.

The new radio station will begin operations next month. The power of the old station is 500 kilowatts but the power of the new station will be 2,000 kilowatts.

Eight Radio Stations Suppressed

By order of the Ministry of Communications, the Tung Peng (敦本) and 7 other radio broadcasting stations in this locality have been suppressed since February 1 this year.

Yesterday the Shanghai Telegraph Administration issued a formal circular notice to the effect that the permits for the eight radio stations in question were nullified on February 1 this year and that in future no station will be allowed to use the calling signals and the wave lengths of the suppressed radio stations without the approval of the Ministry of Communications.

Ta Kung Pao and other local newspapers:

RUMOURS OF INCREASE IN MUNICIPAL RATE

Rumours were rife recently that the S.M.C. would increase the Municipal Rate by 2%. Various circles raised an opposition on the ground of trade depression.

According to information secured from the S.M.C., the Council has not yet come to any definite decision, and it is, therefore, probable that there will be no increase in the Municipal Rate.

No. 2
Date

February 8, 1937.

Morning Translation.

The Diamond (金鋼鑽) dated February 6:-RADIO BROADCASTING STATIONS IN SHANGHAI

Some time ago the licences of the Dong Loh (金華), the Tung Peng (廣生) and six other radio broadcasting stations in Shanghai were withdrawn. This is a preliminary step of the Government in taking over the radio business.

It is said that the Radio Administration of the Ministry of Communications is about to order twelve more broadcasting stations to cease operations. This will leave ten stations operating in Shanghai. Strict restrictions will be placed on the ten stations. They will not be allowed to broadcast amusement programmes before noon and after midnight, and will have to submit to censorship all commercial matters for broadcasting. No further license will be issued.

D.6813/9

SHANGHAI MUNICIPAL GOVERNMENT
S. A. REGISTRATION
No. D. 6813/9
Date 8-1-37

February 8, 1937.

Forning Translation.

The Diamond (全綢鏡) dated February 6 :-

RADIO BROADCASTING STATIONS IN SHANGHAI

Some time ago the licences of the Dong Loh (同樂), the Tung Peng (鼓平) and six other radio broadcasting stations in Shanghai were withdrawn. This is a preliminary step of the Government in taking over the radio business.

It is said that the Radio Administration of the Ministry of Communications is about to order twelve more broadcasting stations to cease operations. This will leave ten stations operating in Shanghai. Strict restrictions will be placed on the ten stations. They will not be allowed to broadcast amusement programmes before noon and after midnight, and will have to submit to censorship all commercial matters for broadcasting. No further licence will be issued.

9

SHANGHAI MUNICIPAL POLICE.

File No. 6813/9
4

3.1, Special Branch

REPORT

Date February 4, 1937.

Subject. Eight Broadcasting Stations in the environs of Shanghai ordered to cease operations.

Made by D.I. Sih Tse-liang Forwarded by J. Boyne D.S.I.

Further to Special Branch report dated January 21, 1937, on the subject of eight local broadcasting stations being ordered to suspend operations by the Chinese Telegraph Administration on January 31, the stations concerned ceased broadcasting on February 2. The owners are endeavouring to request the authorities to rescind its decision.

On the afternoon of February 3, the Radio Broadcasting Station Owners' Association, 323 Kiangse Road, despatched letters to General Chiang Kai-shek, the Executive Yuan and the Control Yuan, requesting them to instruct the Telegraph Administration authorities to cancel the order prohibiting the stations from broadcasting.

Sih Tse-liang
D. I.

D. C. (Special Branch)



copy sent to C.C.R. - File

JBL
4/2

SHANGHAI MUNICIPAL POLICE.

File No. REGISTRY

S. D. D. 6813

S.I., Special Branch 22/1/37

REPORT

Date January 22, 1937.

Subject Eight local broadcasting stations ordered to cease operations.

Made by D.I. Sih Tse-liang

Forwarded by

Chunare D.I.

The following eight broadcasting stations in Shanghai have recently been ordered by the Chinese Telegraph Administration to cease operations within the month, on the ground that their frequency bands are too wide which would interfere with the broadcasting of other stations :-

Tse Ying Broadcasting Station (XNHR - 1340 k.c.),
231 Carter Road.

Dong Ioh Broadcasting Station (XLHC - 720 k.c.),
800 Peking Road.

An Ding Broadcasting Station (XHND - 860 k.c.),
15 Poh Kong Li, Sinza Road.

Chow Yah Kee Broadcasting Station (XIMI - 760 k.c.),
Lane 35, No. 7 Sinza Road.

Wei Ling Broadcasting Station (XLHF - 1380 k.c.),
2 Yu Zung Li, Kwang Chi Road, City.

Sing Sung Broadcasting Station (XLHE - 1380 k.c.),
A9 Fenkow Road.

Deng Pan Broadcasting Station (XLHL - 800 k.c.),
Lane 448, No. 1 Min Kuo Road, Nantao.

Hwa Kwang Broadcasting Station (XQHF - 1480 k.c.),
154 Yu Yuen Road.

The last mentioned one was instructed to cease operations because the ownership has been changed and the transfer was not duly registered with the authorities.

So far these stations have not complied with the order and have applied to the Shanghai Broadcasting Station Owners' Association, 323 Kiangse Road, for assistance in requesting the cancellation of the order.

Copy sent to C.C.R.

Sih Tse-liang

D. I.

D. C. (Special Branch)

2/11

RADIO ELIMINATION

THE Greater Shanghai Radio Broadcasters' Association is not likely to command a general sympathetic hearing for its proposed protest against the order of the Ministry of Communications to cancel the permits of eight local broadcasting stations. Admittedly the cancellation will cost the stations so affected a few thousand dollars of outlay, and yet the sacrifice, if sacrifice it were, may have to be borne for the greater good of the business as a whole.

Radio fans in Shanghai, we are sure, will agree with the Ministry that some of the stations are more of a nuisance than an attraction on the air. They occupy wave lengths which might be utilised to better advantage by stations more adequately equipped mechanically and from the standpoint of talent.

It may be also remembered that the Ministry is concerned not only with the quality of broadcasting but also with the subject matter which constitutes the entertainment fare. On this point opinions will naturally differ. Some will doubtless maintain that the public is entitled to enjoy what it pleases and that the process of elimination may be accomplished by public patronage or refusal of patronage. On the other hand, the Ministry is properly holding itself responsible for the educational value and influence of radio programs for the simple reason that they hold an appeal alike to the educated and the uneducated, the adults and the children of an impressionable age.

If a station—and we are not referring particularly to the stations in question—should fail in maintaining a minimum technical standard and in providing suitable programs acceptable to the authorities, it is no longer entitled to enjoy the privileges embodied in an official permit. The Government, one cannot deny, has the right to administer what goes on in the air as what goes into print in a newspaper. In both cases the principle of good morals holds equal sway, and there is not the slightest authority anywhere for disputing such a right when properly exercised.

In a practical sense the elimination of undeserving radio stations should go a long way toward stabilizing the local business. As pointed out by Mr. Orlando Pao, Director of the Shanghai Telegraph Office, the number of radio stations in Shanghai is altogether too large for its requirements. In New York it is only 8 while in Shanghai it has reached 43.

As the result of the mushroom growth competition has become unduly and unhealthily keen. The amount of advertising revenue which the mercantile community is able to contribute is perforce limited, especially in these days of trade depression, and when it is divided among a multitude of stations the share which one station may partake is necessarily also limited. The paucity of revenue must be counted as one of the most potent factors which have retarded the development of radio broadcasting in Shanghai and which have made it difficult, if not impossible, to employ professional artists to go on the air.

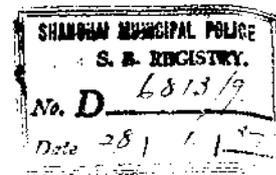
If the Ministry of Communications should continue to apply its pruning process by easy stages, only the best stations from all angles, will ultimately be allowed to remain in the field. Then it may be possible for each of them to earn sufficient revenue to offer programs, if not of equal quality with those in the Occident, at least deserving of genuine public appreciation which has thus far been withheld for records reproduced.

From local sources there may be latent talent which may be profitably developed, and that requires an initial outlay which, we are sure, no station here is yet prepared to incur. With the gradual removal of the unit and with more revenue accruing to each surviving station, such development may come within the realm of practicability.

Thus it may be seen that in revoking eight licenses the Ministry is embarking upon a sound policy by which the best stations will eventually be benefitted, and with them the radio public here and everywhere.

File
D.R.
JH

D.6813/9



January 28, 1937.

Afternoon Translation.

Min Pao and other local newspapers:-

THE CLOSING OF EIGHT RADIO STATIONS

The managements of the eight radio broadcasting stations which were ordered by the Shanghai Telegraph Administration of the Ministry of Communications to cease operations by the end of this month have requested the Radio Broadcasting Stations Owners' Association to petition the Ministry of Communications and the Central Broadcasting Affairs Direction Committee to rescind this decision. As no reply has been received from the Ministry of Communications, they will submit a petition to the Executive Yuan asking for assistance.

D.6813/9

SHANGHAI MUNICIPAL POLICE
S. S. REGISTRY.
No. D 6813/9
Date 24 / 1 / 37

January 24, 1937.

Morning Translation.

National Herald and other local newspapers:-

EIGHT LOCAL RADIO STATIONS ORDERED TO CEASE OPERATIONS

The eight local radio broadcasting units, namely the Teng Peng (敦本), the Hwa Kwang (華光), the Wei Ling (惠靈), the Chow Ya Kee (周協記), the Sin Sun (新聲), the Dong Loh (同樂), the Shih Ying (市音) and the An Ting (安定) Radio Stations, which have been ordered by the Ministry of Communications to cease operations at the end of January, have requested the Radio Broadcasting Station Owners' Association to point out to the Ministry that they received the approval of the Ministry when they were first established and further that there were no regulations governing the equipments of radio stations. The Radio Broadcasters Station Owners' Association has submitted a telegraphic petition to the Ministry of Communications asking it to publish regulations governing the equipments of radio stations, and will hold a meeting of the Standing Committee on Wednesday, January 27, to discuss the matter. The eight broadcasting stations will also hold a meeting.

6813/9
24. 1. 37

January 24, 1937.

Morning Translation.

National Herald and other local newspapers:-

EIGHT LOCAL RADIO STATIONS ORDERED TO CEASE OPERATIONS

The eight local radio broadcasting units, namely the Teng Peng (殷本), the Hwa Kwang (華光), the Wei Ling (惠靈), the Chow Ya Kee (周協記), the Sin Sun (新聲), the Dong Loh (同樂), the Shih Ying (德音) and the An Ting (安定) Radio Station, which have been ordered by the Ministry of Communications to cease operations at the end of January, have requested the Radio Broadcasting Station Owners' Association to point out to the Ministry that they received the approval of the Ministry when they were first established and further that there were no regulations governing the equipments for radio stations. The Radio Broadcasting Station Owners' Association has submitted a telegraphic petition to the Ministry of Communications asking it to publish regulations governing the equipments of radio stations, and will hold a meeting of the Standing Committee on Wednesday, January 27, to discuss the matter. The eight broadcasting stations will also hold a meeting.

6813/9

22.1.37

January 22, 1937.

Afternoon Translation.

Shun Pao and other local newspapers:-

EIGHT LOCAL RADIO STATIONS ORDERED TO SUSPEND OPERATIONS

With a view to introducing improvements in local radio broadcasting and as a result of an investigation recently made, the Ministry of Communications has instructed the Shanghai Telegraph Administration to order, through the medium of the local Radio Broadcasting Station Owners' Association, eight local radio stations, namely the Teng Peng (啓本), the Hwa Kwang (華光), the Wei Ling (靈靈), the Chow Ya Kee (周協記), the Sin Sun (新申), the Dong Loh (同樂), the Shih Ying (市音) and the An Ting (安定), to cease operations by the end of this month, on the grounds that these stations are not properly equipped.

It is learned that there are two causes leading to this suspension order; first, the Ministry of Communications considers that it is necessary to reduce the number of stations in Shanghai, as certain complications regarding wave-lengths are arising, and secondly, in addition to two radio stations which are to be ordered to cease operations on account of special reasons, the remaining six are inadequately fitted.

According to the Shanghai Radio Broadcasting Station Owners' Association, the above-mentioned eight radio stations have submitted reports to the Association requesting it to petition the authorities for relief.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY.
No. D 1682/9
Date 22/1/37

January 22, 1937.

Afternoon Translation.

The Social Daily News publishes the following poem written by one Loh Vung Kwan :-

"FROM TO-DAY"

From to-day, we should not remain apathetic as we were formerly!

From to-day, we should not overlook our duty of avoiding national extinction!

The prosperity of our nation depends entirely upon our own strenuous efforts and endeavours!

Ah! China to-day is not the sleepy lion as she was formerly!

She is now united whilst her people have become energetic!

We should work for our nation!

Fear no guns or aeroplanes bombs!

Let our vanguards offer their blood

To overthrow all those who are ferocious and aggressive,

And to recover our territory in the North-east!

The North-east will forever belong to us!

Let us work energetically and strenuously and fight!

The "Society Evening News" (社會晚報) published the following article on Jan. 21:

BARBAROUS ACTIVITIES OF ENEMY IN THE NORTH-EAST

Owing to the fact that volunteers have been concealing themselves in every village in the North-east, our enemy recently set fire to houses in small villages, thus rendering them vacant and waste land resulting in the volunteers now having no further opportunities of employing them as hiding places. Most of the poor people ran for their lives to larger villages, and as they were unable to find accommodation, they were compelled to sleep and live in the open air. All became ill and were unable to obtain medicine for curative purposes.

Of late our enemy has had plots of land surrounded by wooden posts, in which a number of hungry dogs are placed. It is reported that the above mentioned poor people who were sick, but not yet dead were dragged into these plots to be used as food for the dogs. Pitiabie human shrieks were audible at night time.

Shun Pao and other local newspapers :-

EIGHT LOCAL RADIO STATIONS ORDERED TO SUSPEND OPERATIONS

With a view to introducing improvements in local radio broadcasting and as a result of an investigation recently made, the Ministry of Communications has instructed the Shanghai Telegraph Administration to order, through the medium of the local Radio Broadcasting Station Owners' Association, eight local radio stations, namely the Teng

SHANGHAI MUNICIPAL POLICE
S. M. REGISTRY.

No. D

2.
January 22, 1937.

Afternoon Translation

Peng (敦本), the Hwa Kwang (華光), the Wei Ling (夷靈), the Chow Ya Kee (周協記), the Sin Sun (新聲), the Dong Loh (同樂), the Shih Ying (市音) and the An Ting (安定), to cease operations by the end of this month, on the grounds that these stations are not properly equipped.

It is learned that there are two causes leading to this suspension order; first, the Ministry of Communications considers that it is necessary to reduce the number of stations in Shanghai, as certain complications regarding wave-lengths are arising, and secondly, in addition to two radio stations which are to be ordered to cease operations on account of special reasons, the remaining six are inadequately fitted.

According to the Shanghai Radio Broadcasting Station Owners' Association, the above-mentioned eight radio stations have submitted reports to the Association requesting it to petition the authorities for relief.

Investigation into the standard of education of local radio artistes completed

In view of the fact that the standard of education received by the local radio artistes and the programmes they broadcast have immediate effects on the life and thoughts of the public, the Shanghai Telegraph Administration recently issued forms to be filled in by radio artistes with the special object of ascertaining their standard of education. As a result of these measures, the Administration has found that out of a total number of 457 artistes, 159 have received private teaching, 99 have studied in primary schools, 120 are middle school graduates whilst only 18 have received university education; the remaining 61 are illiterate.

Shanghai Kwangtung Pao (上海廣東報) publishes the following article:

JANUARY 28TH

January 28, the day on which the Chinese people embarked on the glorious war against Imperialism and against Japan, is approaching. It was the day on which sad but honourable events occurred. It was the day on which the Chinese people armed to defend themselves and caused the Capitalist Nations of the world and the Japanese Imperialists to tremble. The bloody struggle on January 28 smashed to pieces the ridiculous prediction that China would be conquered in three days and disproved the reliability of superior armaments. On January 28, the movement of all small and weak nations to save themselves from ruin commenced. The resistance offered by the Chinese masses and soldiers on January 28 represents the most brilliant deed in the history of China.

FK
67204 37

SHANGHAI MUNICIPAL POLICE.

File No. 6-817

S. 1. Special Branch

REPORT

Date October 3, 1937

Subject Overseas Broadcasting Company - communication dated 12.8.37 from the Judicial Police.

Made by D. S. Larby

Forwarded by C. Crawford D.D.

See also
D 8122 +
3

With reference to the attached communication from the Judicial Police requesting a photograph of one Tsung Zai-tuh (徐德), alias Earle Chang who is a partner in the Overseas Broadcasting Company which operates the Overseas Chinese Broadcasting Station (call sign ^{XMHC} ~~ABMC~~) situated at House 23, Lane 1729 Avenue Road: in view of the fact that the Shanghai Municipal Police (Specials) Headquarters are unable to supply a photograph of this individual as suggested, copies of a photograph in possession of the Traffic Office are, therefore, submitted herewith.

It is of interest to note that Tsung who is at present residing in Canada, though born of Chinese parents, is a Canadian by birth and is in possession of Canadian Passport No. 66052, issued at Ottawa on the 3.10.33.

It will be recalled that Tsung when residing in Shanghai endeavoured to register himself at the H.S.M. Consulate-General but met with no success, the argument being advanced that as he was of Chinese nationality, no such registration was required.

Handwritten notes:
C. Crawford
D. S. Larby
6/10

RECEIVED
7 OCT 1937
WISCONSIN

D. C. Sims.

Handwritten signature: K. Harby

passed to you please.

D. S.

Handwritten: 6/10. Sent

D. C. (Crime & Special Branches).

Handwritten notes:
Instructions carried out - Jones informed.
J.P.S.
H. White
10/10

Yes

6 OCT 1937
SHANGHAI

Handwritten note: a/c.P. I suggest you write inform the Cons that as he is a British subject now resident in Canada they apply to the British Consulate for a photograph

Handwritten signature: [Signature]

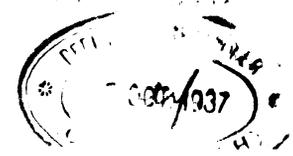
Memorandum.

POLICE FORCE. MUNICIPAL COUNCIL.

To: Shanghai 10-1937

File is with you I think. I do not think we are justified in obtaining a photograph of Earle Chung of Columbia.

W. H. Ross



Translation

Court Order No. 3224.

院法方地區特一第海上蘇江

District Court For The First Special Area In Shanghai.

送To Chief of Judicial Police

期日 Date 12-8-37

Nature of Document 容內件文 255

Re a case against the Overseas Chinese Broadcasting Station for disobedience to the orders of the Shanghai Chinese Telegraph Office.

At the request of the Shanghai Chinese Telegraph Office, a summons was issued for the appearance of Tsung Zeu Tuh of the above said broadcasting station at this Court so that he could be instructed to close up the station but he failed to appear. Another despatch has now been received from the same Authority stating that the wanted man Tsung Zeu Tuh is found to have been enrolled under the S.M.P.(Specials) until his resignation on the 11-4-34 and requesting that a copy of his photo be obtained from the Special Police Headquarters in order to effect an arrest.

In consequence of the above, the Chief of Judicial Police is hereby instructed to obtain from the Special Police Headquarters a photo of the said man Tsung Zeu Tuh(Earle Chung) for consideration of the Court.

(Sd.) Judge Foo.

Court Order

院法方地區特一第海上蘇江

District Court For The First Special Area In Shanghai.

送To Chief of Judicial Police

期日 Date 12-8-37

Nature of Document 容內件文 255

Re a case against the Overseas Chinese Broadcasting Station for disobedience to the orders of the Shanghai Chinese Telegraph Office.

At the request of the Shanghai Chinese Telegraph Office, a summons was issued for the appearance of Tsung Zeu Tuh of the above said broadcasting station at this Court so that he could be instructed to close up the station but he failed to appear. Another despatch has now been received from the same Authority stating that the wanted man Tsung Zeu Tuh is found to have been enrolled under the name of Earle Chung in the 14th division of the S.M.P.(Specials) until his resignation on the 11-4-34 and requesting that a copy of his photo be obtained from the Special Police Headquarters in order to effect an arrest.

In consequence of the above, the Chief of Judicial Police is hereby instructed to obtain from the Special Police Headquarters a photo of the said man Tsung Zeu Tuh(Earle Chung) for consideration of the Court.

(Sd.) Judge Foo.

院法方地區特一第海上蘇江

District Court For The First Special Area In Shanghai.

送To D.C. (Divs).

期日 Date October 4, 1937.

Nature of Document 容內件文 255

Sir,

The original of attached, together with Judge's actual order, appears to have gone ** astray.* It was sent forward on August 13, and was signed for at Central Registry. However, the missing report does not much matter from the Court's point of view, so long as attached copy receives attention, if you will be good enough to expedite the matter.

Y. O. S.

N. White
O. Co.

** The file was passed to Sp. Bs. who have the matter in hand.*

Handwritten signature

Judicial Police Office.

Shanghai Special District Court.

12th, August, 1937.

Commissioner of Police.

Sir,

I beg to forward attached 'order' (to myself) to obtain a copy of a photograph of a former member of the Special Police who is a partner in the Overseas Chinese Broadcasting Station.

Originally a search warrant was issued against the broadcasting station. This was referred by me to the Municipal Advocate on account of the nature of the alleged offence, i.e. non-compliance with Broadcasting Regulations. Subsequently the search warrant was passed to the Special Branch but execution could not be effected as the United States Consular officials were prepared to recognise the station as coming within their jurisdiction.

A summons against a partner - the man mentioned in the attached - was later issued, but this could not be served by the Special Branch, who will have full details of the case on file.

Will you please forward a copy of the photograph in question - or otherwise as you may see fit - direct to me, together with attached Court Order.

I am, Sir,

Your obedient servant.

N. White.

Officer-in-Charge.

Judicial Police Office.

Shanghai Special District Court.

12th, August, 1937.

6813/11
67

Commissioner of Police.

Sir,

I beg to forward attached 'order' (to myself) to obtain a copy of a photograph of a former member of the Special Police who is a partner in the Overseas Chinese Broadcasting Station.

Originally a search warrant was issued against the broadcasting station. This was referred by me to the Municipal Advocate on account of the nature of the alleged offence, i.e., non-compliance with Broadcasting Regulations. Subsequently the search warrant was passed to the Special Branch but execution could not be effected as the United States Consular officials were prepared to recognise the station as coming within their jurisdiction.

A summons against a partner - the man mentioned in the attached - was later issued, but this could not be served by the Special Branch, who will have full details of the case on file.

Will you please forward a copy of the photograph in question - or otherwise as you may see fit - direct to me, together with attached Court order.

60. ret'd to
Judge. *[initials]*

I am, Sir,

Your obedient servant.

N. White.

Officer-in-Charge.

FM.
6749W

SHANGHAI MUNICIPAL POLICE

File No.

No. S. B. 6813
Date

REPORT

Date August 4, 1937

Subject Summons No. 2884 issued by Shanghai First Special District

Court - further report.

Made by D.S. Larby

Forwarded by

C. [unclear]

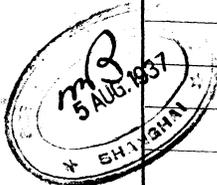
further to Special Branch report dated 31.7.37 referring to the disposal of summons No. 2884 issued by the Shanghai First Special District Court at the instance of the Shanghai Telegraph Office (Ministry of Communications) against Tsung Zae Tuh (曾特德) alias Earle Chang, this summons has been returned to the Special Branch bearing another address where it might be served.

At 11 a.m., August 4, this address - 47, Ningpo Road - was visited by detectives attached to Central Station and the Special Branch with a view to serving the summons on Tsung who, however, could not be located at the above address.

Enquiries made at the National Commercial & Savings Bank, Ltd., 348, Ningpo Road, which concern owns the property at 47, Ningpo Road, have revealed moreover that Tsung left this address approximately two years ago.

This summons is therefore returned bearing a further endorsement to the effect that the individual in question cannot be located.

D. S. Larby
D. S.



cl.

D.C. (Special Branch)

Summons together with copy of report returned to C.I. White, Judicial Police.

File DBR w/s

DBR 5/8

院法方地區特一第海上蘇江
District Court For The First Special Area In Shanghai.

送To P. A. to D.C. (S.B.).

期日 Date AUGUST 3, 1937.

Nature of Document 容內件文 255

In view of the endorsement on attached summons 'cannot be located', the Court has seen fit to furnish another address at which the summons might be served, which will necessitate another endorsement.

H. White
clerk

Cham to M.A. by
D.S. Lively - M.A.
instructed to go ahead.
O.B.R.
4/8

Memorandum.

MUNICIPAL ADVOCATE'S OFFICE,
MUNICIPAL COUNCIL.

Shanghai, Aug 2 1937

To.....

S. B. D 6813
Many thanks. Have
perused same with
interest
R. J. Bryan, Jr.

file
John 2/8.

- 院法方地區特一第海上蘇江

District Court For The First Special Area In Shanghai.

送To S. B.

期日 Date July 29, 1937.

Nature of Document 容內件文 255

Summons No. 2884 issued by Judge Foo at the request of the Shanghai Telegraph Office (Ministry of Communications).

Shanghai Telegraph Office
(Ministry of Communications)

-v-

Tsung Zao Tuh.

Address:- House No. 23 Lane No. 1729
Avenue Road,
47 Ningbo Road.

To appear at the Shanghai 1st Special District Court at 9.30 a.m. on 5-8-37
(Court No. 8) to answer the charge of breach of the regulations governing the functions of radio broadcasting station.

FM 2
4.20.37

SHANGHAI MUNICIPAL POLICE.

File No.

Section 1, Special Branch. *Subd.*
REPORT

Date July 31, 1937

Subject Summons No. 2884 issued by Judge Foo of the Shanghai First Special District Court at the request of the Ministry of Communications.

Made by D. S. Larby

Forwarded by

C. G. ...

With reference to summons No. 2884, issued by the Shanghai First Special District Court at the instance of the Shanghai Telegraph Office (Ministry of Communications) against Tsung Zae Tuh (曹特德), I have to state that detectives attached to Bubbling Well Station and the Special Branch visited House No. 23, Lane 1729, Avenue Road - the residence of Tsung Zae Tuh - at 4.20 p.m., 29.7.37, when Tsung was absent, and again at 7.30 p.m., 29.7.37, when he was present, in an endeavour to serve the aforementioned summons on Tsung.

Tsung, who is usually known as Earle Chang, however, refused to accept the summons on the grounds that he is a British Canadian subject, having been born in Vancouver, B.C. When it was pointed out that he is not registered at H.B.M. Consulate-General as a British subject, Tsung stated that he had endeavoured to register himself as such in 1933 but had been informed by an official of the Consulate-General that the procedure was unnecessary in view of the fact that he was a Chinese. As further proof of his nationality, Tsung stated that he had twice been summonsed and convicted by H.B.M. Court in respect of charges of breaches of traffic regulations.

Subsequent enquiries, however, have revealed that this individual has appeared before H.B.M. Court on one occasion, 3.11.36, when he was convicted for committing a breach of the traffic regulations. It has also been learned that on the 8.8.35 and again on the 8.11.35, Tsung appeared before the Shanghai First Special District Court and received convictions in connection with offences similar to the above.

This information was therefore brought to the notice of Mr. R. S. Heaney, Passport Officer of H.B.M. Consulate-General,

*0 1/2 (Sp Rv)
Act. acc. only
K. J. ...*

*743
2 AUG 1937*

*Done
D.S.
3/8*

SHANGHAI MUNICIPAL POLICE.

File No.

Station,

REPORT

Date.....19

-2-

Subject.....

Made by..... Forwarded by.....

on the 30.7.37, while the acting Consul-General, Mr. J.W.O. Davidson, was also informed, by Mr. Heaney.

Mr. Davidson, however, reiterated his verbal message of the 29.7.37 (flagged at A) to the Municipal Advocate, regarding the serving of the summons on Tsung Zae Tuh.

On being informed of the chief details of the situation, the Municipal Advocate gave verbal instructions for the summons to be returned, after it had been endorsed to the effect that Tsung could not be located.

K. Harby
D. S.

a.p.
D. C. (Special Branch)

*Summons returned to Court
vide instructions of M.A. I would
suggest that file be shown to M.A.
for his information.*

DBB
1/8

6813/11
30 7 37

" B "

Doc. Ref. No. 208/37.

H'well
July 29th,

37.

1.

Summons No. 2384 issued by Judge Foo at the request of the Shanghai Telegraph Office (Ministry of Communications).

Shanghai Telegraph Office
(Ministry of Communications)

-v-
Teung Zae Tuh (曾傳德).

Address:- House No. 23, Lane No. 1729 Avenue Road.

To appear at the Shanghai 1st Special District Court.

at 9.30a.m. on 5/8/37 (Court No. 9) to answer the charge of breach of the regulations governing the functions of radio broadcasting station.

The above summons was brought to the station, by D.S. Larby Special Branch at 4.10p.m. 29/7/37.

At 4.20p.m. even date, D.S. Weed, D.S.I. Fu Cher Mo accompanied by D.S. Larby visited the address mentioned in the summons, and were informed that the person mentioned therein was out.

At 7.30p.m. 29/7/37 the above detectives again visited the address and the above male Chinese was located. However he refused to accept the summons stating that he was a British subject and held a British passport. Summons returned to D.S. Larby Special Branch.

Copy to Special Branch.

D.S. Larby

DBR.

3077.

D. S.

Memorandum.

MUNICIPAL ADVOCATE'S OFFICE,
MUNICIPAL COUNCIL.

Shanghai, July 29, 1937

To Special Branch

I telephoned Mr. Davidson
Acting H. B. M. Consul General
regarding this summons
and he said to "go
ahead and serve the
summons."

R. J. Brycen, Jr.
M. C.

院法方地區特一第海上蘇江

District Court For The First Special Area In Shanghai.

送To Municipal Advocate

期日 Date July 29, 1937.

Nature of Document 容內件文 255

Sir,

The attached summons is an aftermath to a search warrant issued against the Overseas Broadcasting Station, the proprietor of which is recognised as an American and two partners as British subjects.

Defendant in attached, I believe, is recognised by the British Authorities.

If in order, will you please pass to the Special Branch for them to deal with.

Y. O.S.

N. White.

Ch. Jud. Police.

院法方地區特一第海上蘇江

District Court For The First Special Area In Shanghai.

送To S. B.

期日 Date July 29, 1937.

Nature of Document 容內件文 255

Summons No. 2884 issued by Judge Foo at the request of the Shanghai Telegraph Office (Ministry of Communications).

Shanghai Telegraph Office
(Ministry of Communications)

-v-

Tsung Zae Tuh.

Address:- House No. 23 Lane No. 1729
Avenue Road.

To appear at the Shanghai 1st Special District Court at 9.30 a.m. on 5-8-37 (Court No. 9) to answer the charge of breach of the regulations governing the functions of radio broadcasting station.



District Court for the First Special Area in Shanghai

To S. B.

July 29, 1937/

Nature of Document

255

Summons No.2884 issued by Judge Foo at the request of
the Shanghai Telegraph Office (Ministry of Communications.)

Shanghai Telegraph Office
(Ministry of Communications)

-v-

Tsung Zae Tuh (曾傳德).

Address:- House No.23, Lane No.1729
Avenue Road.

To appear at the Shanghai 1st Special District Court
at 9.30 a.m. on 5-8-37 (Court No.9) to answer the
charge of breach of the regulations governing the
functions of radio broadcasting station.

FM 474-138

SHANGHAI MUNICIPAL POLICE.

File No.

6813

S.1. Special Branch Station, 7

REPORT

Date 21st July 1937.

Subject Search Warrant No. 2441 issued by Judge Feng at the request of the Shanghai Telegraph Office (Ministry of Communications) in respect of the Overseas Broadcasting Company, 3, Lane 1729, Avenue Road. Made by D.S.I. Laurier Forwarded by C. C. O. ...

With regard to the attached Search Warrant No. 2441 issued by Judge Feng of the Shanghai First Special District Court at the request of the Ministry of Communications in respect of the Overseas Chinese Broadcasting Station (call sign XHCC wavelenght 700 kilocycles) situated at House 23, Lane 1729, Avenue Road for the seizure of the broadcasting set and permit for same for breach of the regulations governing the functions of radio broadcasting stations in China: this Station was financed and opened three years ago by three overseas Chinese named Herbert Moy (柏其鋒), Earle Chang (詹仕德) and Huene K. Lowe (刘光瓚) who are interested in the venture to the extent of \$12,000.00, \$5,000.00 and \$3,000.00 each, respectively.

Herbert Moy is an American citizen born in New York City on 20 July 1911 and is in possession of American passport No. 560842 issued at New York on October 19th, 1932, and is registered at the American Consulate in Shanghai, where he has lived since 23rd November, 1932.

Earle Chang is a British Canadian subject, born in Vancouver, B.C., on 10th September 1902 and is in possession of Canadian passport No. 66052 issued at Ottawa on 3rd October, 1933. He has not yet registered at the British Consulate in Shanghai but intends to do so shortly.

Huene K. Lowe is a British Canadian subject, born in Victoria B.C., on 16th March 1911, and is in possession of Canadian passport No. 72773 issued at Ottawa on 28th February 1934. He last registered at the British Consulate in Shanghai on 2nd October 1936 but has not yet registered himself for the current year.

D.C. (W)
D.C. (F)

22 JULY 1937

File.
D.R.
23/7

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date.....19

Subject.....

Page 2.

Made by..... Forwarded by.....

Application has already been filed with the American Consulate for registration of the Overseas Broadcasting Company as an American concern and whilst actual registration is still pending owing to a technical difficulty concerning the use of the Chinese language in some of the broadcasts, the Station and nationality of the principal investor have been duly recorded by the American Authorities who are, therefore, prepared to extend full Consular protection to the principal investor in view of the American interests involved. It is believed that when the two British investors have duly registered themselves with their Consulate that they will receive the same protection of the British Consulate.

The station in question was established as a business venture and the principals now find that strict observance of the regulations of the Ministry of Communications jeopardises the popularity of the station with its regular advertisers from whom much of the income is derived. They have, therefore, ceased to observe the requirements of the Ministry of Communications who recently lodged a complaint with the American Consul against the activities of the station. It is believed that on this occasion the American Authorities made their attitude in the matter quite clear to the Chinese Authorities.

Ch.
Wangman
 D.S.I.
 Wangman together with copy of
 report forwarded to C.I. White.
 D.S.I.
 2/7

院法方地區特一第海上蘇江

District Court For The First Special Area In Shanghai.

送To S. B.

期日 Date July 20, 1937.

Nature of Document 容內件文 255

Search Warrant No. 2441 issued by Judge Feng at the request of the Shanghai Telegraph Office (Ministry of Communications).

Address:- Oversea-Chinese Broadcast Station?
(Wo Jau Kwang Phoo Di Da)
House No. 23 Lane No. 1729
Avenue Road.

To search for and seize the Radio Broadcasting set and permit for same on the above mentioned premises for breach of law and order governing functioning of Radio Broadcasting Stations.

Approved provided the place is subject to Chinese jurisdiction

S.1
BR
20/7

ppp
July 20, 1937



3/11
SEARCH WARRANT. NO...2441....

S. B.STATION.

If attached document is returned in open Court, please detach this slip, filling in as below and return to Judicial Police Office for record. If not handed in to open Court, document must be returned to Judicial Police Office immediately on expiration, properly endorsed and signed.

After recording in Judicial Police Office, this slip will be returned to station concerned as an acknowledgement of safe receipt of document.

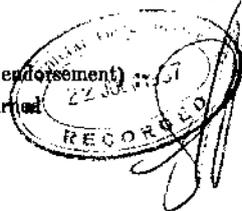
(For Station use) :-

.....Judge.

.....Date.

(For Judicial Police endorsement) :-

Above document returned



SHANGHAI MUNICIPAL POLICE.

File No. 6513/3

Section 1, Special Branch, Addl.

REPORT

Date September 8, 1937.

Subject The Shanghai Municipality Broadcasting Station Association.

Made by C.D.I. Sih Tee-liang Forwarded by C. Campbell, D.D.

The Shanghai Municipality Broadcasting Station Association, located at 323 Kiangse Road, was organized in May, 1934, and formally inaugurated on November 11, 1934 (Vide I.R.11/11/34). It is in possession of a registration certificate No. Tesh 297 issued by local Kuomintang on May 1, 1934.

It is controlled by an executive committee of the following nine persons:-

Mr. Song Wan-pah (宋完白), Manager of the Poh Ying Broadcasting Station (XWHD) (1420 k.c.), 128 Museum Road.

Mr. Soo Chu-kuo (苏祖国), Manager of the Shanghai Broadcasting Station, (XHHS) (1,100 k.c.), 323 Kiangse Road.

Mr. Woo Ts-mei (胡芝楣), Manager of the An Ting Broadcasting Station, (XHHD) (860 k.c.), c/o the Shanghai Broadcasting Station Association, 323 Kiangse Road. Operation suspended at present.

LEPUI... OWNER
9 SEP. 1937
(CKI... CH)

Mr. King Kong-hou (金原侯), Manager of the Tung Loh Broadcasting Station (XLHG) (640 k.c.), 245 Chekiang Road.

Mr. Wong Wei-ts (王偉子), Manager of the Lee Lee Broadcasting Station (XHHY) (1,240 k.c.), 9 An Nyi Tsung, North Thibet Road. Operation suspended at present.

File
sh
9/9

Mr. Chen Ts-tseng (陈子衡), Manager of the Kuo Hwa Broadcasting Station (XHKN) (1,200 k.c.), Central Hotel, Pakhoi Road.

Mr. Chen Mur-foo (陈懋南), Manager of the Yeu Lien Broadcasting Station (XHHV) (880 k.c.), Lane 930, 5 Avenue Foch.

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

-2-

Date 19

Subject

Made by

Forwarded by

Mr. Chen Ying-tsung (陳穎丞), Manager of the Tung Fang Broadcasting Station (XHHG), (1,020 k.c.), 120 Yu Ya Ching Road. Operations suspended at present.

Mr. Chang Yuan-yien (張元賢), Manager of the Yuen Chong Broadcasting Station (XLHM), (1,120 k.c.), 7 San Niang Fang, Rue du Marche.

The first five mentioned above including Soo Chu-kuo, one of the two writers of the attached letter, form the standing committee with Mr. Fong Wan-pah (方宛伯) as Chairman.

The other signatory of the letter, Mr. Chow Pang-tsung (周邦俊), is a member of the Shanghai Municipal Council Advisory Committee for 1937, and is manager of the Great China Dispensary, corner of Foochow and Shantung Roads, and concurrently manager of the Great China Dispensary Broadcasting Station, which is attached to the Dispensary.

He is a member of the Broadcasting Station Association.

Following the outbreak of Sino-Japanese hostilities on August 13, he was appointed by the Shanghai Various Circles Committee to Support Resistance against the Enemy, as Officer i/c of the Propaganda Section, which would account for his signature appearing in the attached letter.

The object of this Association is to promote unity among local Chinese broadcasting station owners, in order to avoid unfair competition in the matter of fees for advertisements. The association being registered with the Kuomintang, its members are obliged to broadcast Government propaganda and registration also gives control to the Chinese authorities.

There are 26 station members of this association

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

-3-

Station,
Date

Subject

Made by Forwarded by

and each station is required to pay a membership fee of
\$50 per annum. Six of the member stations have temporarily
suspended operations. Four other stations in Shanghai are
not members of this association; included in these four
are the Ministry of Communications Broadcasting station, and
the Shanghai City Government Station.

Sik Jui Liang
C. D. I.

OK
8/9

D. C. (Crime & Special Branches)

6813/12
937
Translation of letter addressed to
Political Section, Shanghai Municipal Council.

August 21, 1937.

Sirs,

We are glad that the Council has made arrangements with the Great China and Hwa Shing Broadcasting Stations relative to the broadcasting of news. However, as no definite time is scheduled for its broadcasting, it is difficult to carry out the plan. We therefore request the Council to fix time limits. Except from 8 p.m. to 9.05 p.m., when stations are required to relay the programme of the Central Broadcasting Station, the Council should choose any time and also arrange with the Shanghai Municipality Broadcasting Association that the Council broadcast from one station and the programme then relayed by other stations. The programmes for broadcasting should be sent to Tseu Paung Tsing(周邦俊) or Soo Tsoc Kwoh(苏祖国), Chinese Chamber of Commerce, "4th floor", Ningpo Fellow Countrymen's Association, Yu Ya Ching Road.

(Signed) Tseu Paung Tsing
Soo Tsoc Kwoh

6204 C³
S.I.
DBR.
39.

de crime.

DBR. 21/8.

P. A. to B. C. (S. A. B.)

Who are they?



逕啓者日昨

貴局向中區華（三）台接洽播送消息深表同情但未確定時間履行殊感

困難特函請

貴局議定每日播音時間除下午八時至九時〇五分須廣播中央電台外其

餘時間儘可自

費局酌定並與上海市廣播同業公會商定

貴局播音指定一電台儘播其他電台轉播所有總編稿件請逕寄滬縣路留

波同鄉會四號上海市商會周邦俊或蘇祖國收以俾交電台播送此致

工部局政治部

周邦俊
志里區

全啓

二六，八，二一。

周邦俊啓事

中西大藥房股份有限公司 電話九四〇二〇
中區同孚路大中里二〇號 電話三二一三五
蘇州城內衛道觀第十一號

FM
45M-1230

12

SHANGHAI MUNICIPAL POLICE.

File No. 6812

Special Branch - Sl. 38 Station,

REPORT

Date August 17, 1937.

Subject

Emergency Orders delivered to wireless stations operating in the Settlement.

Made by

D.S. Pitts.

Forwarded by

D.S. Rao

Between the hours of 5 p.m. and 9.30 p.m. August 16, 1937, copies of the attached Emergency Order were delivered to the following wireless stations operating in the Settlement :-

- 1) XHHH - Great China Dispensary, Foochow and Shantung Roads corner.
- 2) XHHF - 132/4 Hoopsh Road.
- 3) XHHN - Central Hotel, 611 Canton Road.
- 4) XHHG - Grand Hotel, 120 Yu Ya Ching Road.
- 5) XHHA - 445 Racecourse Road.
- 6) XHHE - 36 Too Foh Li (多福里), Avenue Foch.
- 7) XHHV - Lane 930, 5 Avenue Foch.
- 8) XHHB - 418 Hart Road.
- 9) XHHC - 1729 Avenue Road.
- 10) XHHE - 150 Edinburgh Road.
- 11) XQHC - 29 Love Lane (Rear of St. Anna's Ballroom). Station. Transmitting
- 12) XHHP - 19 Tsingtao Road.
- 13) XHHK - Great Eastern Dispensary, Chefoo and Peking Roads corner.
- 14) XQHD - 465 Kwangsi Road.
- 15) XLHA - Sun Sun Emporium Building, Nanking Road.
- 16) XLHG - Tung Fang Hotel, 245 Chekiang Road.
- 17) XHHU - 599 Nanking Road.
- 18) XHHI - 565 Nanking Road.
- 19) XLHB - 37B Canton Road.
- 20) XHHZ - 93 Canton Road.
- 21) XQHC - Ministry of Communications, Sassoon Building, Nanking Road.

Inform
D.C. (D.V.)

17 AUG 1937
CHINA

The last named concern refused to sign a duplicate

SHANGHAI MUNICIPAL POLICE.

File No.

Station,

REPORT

Date, 19

Subject..... - 2 -

Made by..... Forwarded by

copy of the Emergency Order acknowledging receipt of the original.

Unsuccessful efforts were made to locate the owners of representatives of stations i-

Handwritten notes:
Shanghai
Station

22) XMHD - 128 Museum Road,

23) XHHS - 323 Kiangse Road,

which were both locked and the premises obviously vacated.

Mention should be made of the fact that the Nanking Station of the Central Kuomintang is easily tuned in by the greater proportion of Chinese owned sets in Shanghai and the news broadcast over this station may from time to time contain misleading reports.

A representative of station XMHA (5) stated that all news broadcast by the Shanghai Evening Post & Mercury over that station was done so by remote control, i.e. from the offices of the newspaper, and that the station was unable to check any news reports prior to its being broadcast. The representative was informed that the station would be held responsible for anything infringing the contents of the Emergency Order.

Handwritten notes:
Paper concerned
warned
D.P. 9/8

Attached herewith are duplicate copies of the Emergency Order signed by the representatives of the stations concerned.

Handwritten signature: J. P. ...

D. S.

D. C. (Special Branch).

Handwritten notes:
D.P. 9/8
1878
28045

Handwritten notes:
D.P. 9/8
1878

SHANGHAI MUNICIPAL COUNCIL

EMERGENCY ORDER

In the present serious emergency nothing can more easily cause alarm and panic than misleading reports. All proprietors of wireless stations are most earnestly urged in the public interest to take immediate steps to ensure that no reports are published unless confirmed by competent authorities. Failure to comply with this request must necessarily result in immediate closure of the station concerned by the Police.

By Order

G. GODFREY PHILLIPS
Secretary.

Dated: August 16, 1937.

SHANGHAI MUNICIPAL COUNCIL.

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G. GODFREY PHILLIPS

Secretary.

Dated: August 16, 1937.

五份收據已發給
X H H F

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G. GODFREY PHILLIPS

Secretary.

Dated: August 16, 1937.

X. 國華電台
H. 李維新
H. 李維新
N. 李維新

SHANGHAI MUNICIPAL COUNCIL

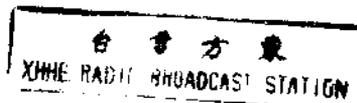
EMERGENCY ORDER

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By Order

G. GODFREY PHILLIPS
Secretary.

Dated: August 16, 1937.



陳韜書

X H H G

6813/12

September 6, 1937.

Afternoon Translation.

Lih Pao and other local newspapers :-

PROPAGANDA BROADCASTS

All the local radio broadcasting stations, both officially operated and private establishments, with a view to intensifying their propoganda work during times of emergency, have decided upon the following universal schedule:-

- Between 8 and 9 a.m. - News of local events and list of persons having gone astray will be broadcast.
- " 10 & 11 a.m. - News for outports and general advice regarding aerial raids.
- " 12.30 & 1 p.m. - Special speeches.
- " 2 and 2.30 p.m. - For the broadcasting of current news.
- " 2.30 & 3.30 p.m.- For propoganda by means of amusement.
- " 3.30 & 4 p.m. - General knowledge on gas prevention.
- " 4.25 & 4.45 p.m.- Reserved for local Tangpu for the broadcasting of certain news.
- " 4.45 & 5.15 p.m.- Special speeches.
- " 5.15 & 6 p.m. - National Salvation Songs.
- " 7 and 7.45 p.m. - For broadcasting of current affairs in foreign languages.
- " 7.45 & 8 p.m. - Patriotic songs and dramas.
- " 8 and 9.05 p.m. - Central news.
- " 9.05 & 9.30 p.m.- War news.
- " 10 and 10.30 p.m.- Miscellaneous items of current news.

FM 2
G. 850-1-41
RSM

SHANGHAI MUNICIPAL POLICE

REPORT

SHANGHAI MUNICIPAL POLICE
RECORDS
1935

S. 1, Special Branch. /S. 1/101. File No. Date. September 23, 1941.

SUBJECT: Radio Station X.H.H.R. -
Complaint of interference

With reference to the attached letter from C.M. Skepper, Manager, Raytone Broadcasting Company, complaining of interference with the broadcasts over Radio Station X.H.H.R., 517 Bubbling Well Road, I have to report having interviewed the writer on September 19th, 1941.

Mr. Skepper was informed that there is no apparatus available to the Police whereby it would be possible to trace the cause of the interference.

Radio Station X.H.H.R. (840 K.C.) is registered with the Japanese Broadcasting Superintendence Office as being owned by a Japanese, Teiji Miyahara. The manager is understood to have been a Chinese named Chang. On September 1st, 1941, Mr. Skepper, on behalf of the British Press Attache, purchased X.H.H.R. from Chang and on September 15th, 1941, the station went on the air with Chinese programmes and news of a pro-British nature.

Since 5 p.m. 15th, September, 1941, interference in the form of a high pitched hum has been broadcast on the same wave-length as that of X.H.H.R., completely distorting the programmes.

On 20th, September, 1941, Mr. Skepper received a letter from the Japanese Broadcasting Superintendence Office pointing out that the sale of X.H.H.R. was illegal as it is registered in the name of a Japanese, Teiji Miyahara. Mr. Skepper was accordingly "strongly requested" by the above office to cease

etc
FILE
23/9/41

Commr of Police.

Sir:

Information

Whanca
23/9. A.C. (Sp. Br.)

SHANGHAI MUNICIPAL POLICE
23 SEPT 1941
COMMISSIONER'S OFFICE

SHANGHAI MUNICIPAL POLICE.

REPORT

Station. File No. Date

SUBJECT:

- 2 -

broadcasting over the X.H.H.R. wave-length.

From the foregoing it will be apparent that the interference complained of emanates from sources under the control of the Japanese Broadcasting Superintendence Office.

Mr. Skepper informed me that the British Embassy do not recognise the Japanese Broadcasting Superintendent's right to control the local broadcasting stations or wavelengths and that broadcasting would continue over X.H.H.R. despite the interference.

Mr. Skepper is also the Manager of Radio Station X.G.D.N..

*266
25.9.41*

23/9

H. E. Bennett
D. S. I.

A.C. (Special Branch)

26 9. 41

DEPT. OF COMMERCE

SEP 15 1941

NOTICE

NOTICE IS HEREBY GIVEN that, as from September 15, 1941, Radio Station XHHR, 517 Bubbling Well Road, Shanghai, broadcasting on a frequency of 840 kilocycles, is operating under the name "The Raytone Broadcasting Company", in virtue of a license issued by His Britannic Majesty's Ambassador in China.

C. M. SKEPPER,
Manager.

11320

S-1
JL
16.9.41.

W

K 1/17

1 寺路五一七號
517 BUBBLING WELL ROAD
電話：三七四三七
TELEPHONE 37437

上海雷通電台
RADIO STATION XHHR
SHANGHAI

週率：八四〇千週率
FREQUENCY 840K.
波長：三五七·一公尺
WAVE LENGTH 357.1M.

September 17, 1941.

Captain H. M. Smyth, O.B.E.,
Commissioner of Shanghai
Municipal Police Force,
185 Foochow Road,
Shanghai.

Dear Sir,

Since 5 p.m. on Tuesday the 16th of September,
there has been a buzzing interference with the broadcasts
of Station XHHR which operates on a frequency of 840 kilo-
cycles. As this interference makes it impossible for the
listeners of the Station to enjoy the programmes broadcast
by the Station, I should be very much obliged if you could
track down the source of interference and eliminate it.

With thanks in advance, I am,

Yours faithfully,

C. M. Skepper

C.M. Skepper, Manager,
Raytone Broadcasting Company,
Station XHHR.

A. C. S. R. V.



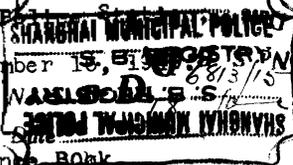
*S. L.
See writer
15-9-41
Eho*

11/19

COPY

Hongkew

September 15, 1940



Extract from Hongkew Occurrence Book

Report 8 p.m.

At 7 p.m. 15-9-40 F.P.S. Forster reports that at 6.15 p.m. on 15-9-40 while on Garden Bridge duty he noticed a male Japanese erect a radio transmitter on Electric Supply Pole No.B.36 situated on Broadway and North Soochow Roads corner. The wire of the transmitting runs into the T.O.A. Building No.2 Broadway. It was ascertained by the Officer reporting that it was installed by a representative of the J.O.A.B. Broadcasting Co.

(Signed) T. Vassilieff, F.S.217
Officer on Charge Room duty.

(Signed) Swayn Insept.
Officer-in-charge.

D.C. (Special Branch),

INFORMATION

Copies sent to D.C. (Divs.)
and D.C. (Crime).

[Signature]
D.C.
13 SEP 1940

5. via
14/9/40
INDEXED BY
(S.B.) REGISTRY
DATE 18/10/40

At 11:30 on November 15th 1940 members of the Japanese Consular Service accompanied to C.H.H. (C.H.H.) the complainant, Tan Bai Pai (戴信平) aged 29, who reported that he had been the recipient of two letters which threatened his bodily harm if he failed to resign from his present position.

Tan Bai Pai and his wife Tan Yue Sa (戴于氏) reside in a room over the Dah Tsong Joo (大中華) Cigar Storey situated at No. 10 Lane 51 Tientsin Road.

For the past two years he and his wife have both been employed by the Greater Shanghai Radio Broadcasting Co., offices Aster House Hotel Whangpoo Road.

Daily, usually during the afternoon they broadcast in Chinese over radio station X.G.J.B. from studios located at the Aster House and room No. 220 Hardeen Building, Hanking Road. The broadcasts which they give comprise only the children's hour.

In addition to being employed by the Broadcasting Co. to augment his earnings complainant gives private violin lessons.

On 20-9-40 he received by post at his home the following letter :-

To Tan Bai Pai and Yue Bai Li,

It is learned that you both work for the enemy and betray our country. Acting on instructions of the superior we give

1/3

at present a warning to both of you and further you are ordered to resign your work from the enemy, otherwise to complete our plan of killing traitors you will be in danger. After seeing this letter you have to explain your opinion in the Sin Sun Kuo and Sun Pao, two newspapers.

Hoping you will not delay our warning or you will be executed.

Chinese Kuomintang Youth
Party Local Headquarters.

This letter was posted at No. 25 Sub Post Office, Rue Conty.

He did not attach any importance to the letter and did not mention the receipt of same to anyone.

On 12-11-40 he again received by post at his home address, a copy of the Sun Pao newspaper, contained in which was a further threatening letter and a .32 round of ammunition.

The second letter reads as follows:-
Traitor Tan Kai Fai,

You are still serving the enemy. Your notorious guilt of betraying our country cannot be described, therefore we are instructed by our superior to give you this last warning i.e. you

1/4

must leave Shanghai within three days,
otherwise you get some bullets to eat.

Miss Smith's Traitor Extermination 2nd Detachment.

The newspaper is dated 16.11.40 and was posted at the B'Well post office. Upon receipt of this second letter complainant reported to the Japanese Gendarmerie, also he and his wife moved to the Astor House where they have taken up temporary residence.

Complainant does not suspect any particular individual and the reason he is being threatened is obvious. Enquiries at the Dah Tsoong Woe cigar factory have failed to glean any useful information.

For the next few days complainant will remain in the Hongkew area and he has been instructed to report to the Police immediately the receipt of any further threats.

Observation will be kept on complainant's home regarding suspicious characters etc, loitering and patrols passing will likewise be informed.

The bullet has been passed to the Arms Identification Section.

1/5

The letters are attached for favour of passing
to the Three Letter Registry.
Inquiries proceeding.

W.D. 16/11

C. S. Beard
D. S.

F. 207A
6. 10 39

SHANGHAI MUNICIPAL POLICE
S. B. REG.
No. S. B. D. 6813/15
Date

Headquarters,
Shanghai Municipal Police.

May 23, 1940

To. Secretary & Commissioner General,
Commissioner of Public Works,

S. M. C.

The Commissioner of Police presents his compliments in forwarding herewith the undermentioned documents.

Reference No:- D. 6813/15

Subject :- Steel tower to be erected in Pootung.

Enclosures Copy of a Police report.

FILED
MAY 24 1940

RE 5 440

CCK/

Special Branch,

May 21, 1940.

Steel tower to be erected in Pootung.

With reference to the attached extract from the North China Daily News date May 20, 1940, regarding the reported erection of a steel tower in Pootung, I have to state that the report is correct. The tower will be erected in Pootung opposite the Chinese Maritime Customs by the "Toa Hoko Kai" or the "East Asia Public Service Association" in Tokyo for publicity purposes.

The steel tower will be 150 metres in height, and will be built by Ishimoto Gumi, a Japanese constructor, No. 383 Changchun Road, the work to be completed in October of this year.

News items and advertisements in electric lights will be used on the tower and will be in the Chinese and English language.

In addition to the above tower, a smaller one is projected for Yangtzepoo district, Chapei and also the Western district, but plans are indefinite for these projects.

The attached is the drawing of the projected steel tower in Pootung.

Certified true copy



CCK.

FM. 2
G. 504
CTH

SHANGHAI MUNICIPAL POLICE

Section I, Special Branch

REPORT

Date May 21, 1940

SHANGHAI MUNICIPAL POLICE
6813/15
21 5 40

Subject. Steel tower to be erected in Footung.

Made by. D. S. Kamashita.

Forwarded by. D. I. Crawford.

with reference to the attached extract from the North China Daily News dated May 20, 1940, regarding the reported erection of a steel tower in Footung, I have to state that the report is correct. The tower will be erected in Footung opposite the Chinese Maritime Customs by the "Toa Hoko Kai" or the "East Asia Public Service Association" in Tokyo for publicity purposes.

The steel tower will be 150 metres in height, and will be built by Ishimoto Gumi, a Japanese constructor, No. 383 Changchun Road, the work to be completed in October of this year.

News items and advertisements in electric lights will be used on the tower and will be in the Chinese and English language.

In addition to the above tower, a smaller one is projected for Yangtsepoo district, Chapei and also the Western district, but plans are indefinite for these projects.

The attached is the drawing of the projected steel tower in Footung.

D. S. Kamashita
D. S.

D. C. (Special Branch).

Commy of Police.
Sir:
Information.
D. S. Kamashita
D. C. (Sp. Br.)

S-2 CG
C-7 PW

SHANGHAI
22 MAY 1940
COMMISSIONER'S OFFICE

INDEXED BY
(S) REGISTRY
DATE 21/5/40

CS

MAY 20 1940

Electric Pagodas to Be Erected Here

To Broadcast in English
And Japanese

In order to "direct" the people living in foreign areas here with "light" and "sound", four "electric information pagodas" will be erected in Pootung and other Chinese areas in Shanghai by the Japanese for publicity purposes, according to the "Sin Shun Pao." These pagodas, it is learned, will be high, illuminated broadcasting stations, one of which will stand on the shore on the Pootung side of the Whangpoo just opposite the Customs building on the Bund.

Construction of these steel towers which will shoot 150 feet high into the sky is being planned by a Japanese company and work will be started in the near future. Hope is expressed that the Pootung "pagoda" will be ready for use in four months when information in both Chinese and English will be broadcast.

It is being planned that in addition to the Pootung station, three other stations will be erected in Hongkew, Chapei, and the western district. The Hongkew one will be built near a fruit hong.

D. S. Kemishita
(E. J. H.)

SHANGHAI MUNICIPAL POLICE.

SHANGHAI MUNICIPAL POLICE
S. B. REGISTRY

Section I, Special Agents

REPORT

Date April 24th, 1940.

Subject (in full) Sing Sung Broadcasting Station - change of frequency.

Made by D. S. I. MacArie. Forwarded by D. I. Crawford.

*See also 5813/6
(20-11-39)

The wavelength of the Sing Sung (新 聲)
Broadcasting Station, X.Q.S.S., 423 Nanking Road,
was changed about a week ago from K.C.980 to
K.C.1220. The latter mentioned frequency was
originally used by the Tung Fang Broadcasting
Station, X.H.H.G., 120 Yu Ya Ching Road, owned by
Charles Medar & Co. (British). The Tung Fang
Station was destroyed by fire on January 1, 1940
and it is not expected that any attempt will be
made to rebuild it.

R. W. MacArie

D. S. I.

D. C. (Special Branch).

ADDENDUM

The Sing Sung Broadcasting Station was formerly
known as the Mei Sung (美 聲) Station. It is not
known when the change of name was effected.

R. W. MacArie

D.S.I.

D. G. (Sp. Br.)
E. 30

6813/15
20 11 39

Radio Broadcast Control Administration,
November 18, 1939.

Shanghai Municipal Police,

Sirs,

We take the liberty to inform you that the under-mentioned radio station has been instructed to cease operations as from November 16, 1939 for disobedience of orders issued by this administration.

Name: Washing Radio Broadcasting Station (華盛電台)
Address: No. 25 Chihli Road
Carrier Frequency: 930 k.c.
Call Signal: " X.G.M.W. "

You are kindly requested to take note of this measure taken by us for your future reference.

Yours faithfully,

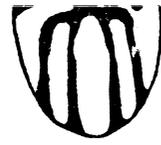
(Sealed) K. Asano
Superintendent.

D. S. I. Macaulay

E. 30

PA 21/11.

P1
1/102



昭和十四年十一月十八日

廣播無線電監督處長 淺野 一



工 部 局
警 察 部 御 中

華盛電台閉鎖命令ノ件

一本埠直線路二五號

華盛廣播電台

周 率 九八〇K・C

呼 號 X Q M W

右者本處命令ニ違犯セル廉ニヨリ本月十六日限り閉鎖ヲ命ジタルニ
ツキ御承知相成度

廣播無線電監督處公箋

電話一九八七一

SHANGHAI TIMES.

SI MUNICIPAL POLICE
S. B. REGISTERED
S. B. D. 6813/75

FEB 21 1939

CHENJU STATION TO BROADCAST AGAIN

Four New 20-Kilowatt
Transmitters To Be
Installed Soon

TOKYO, Feb. 20.—Broadcasts will soon be resumed by the radio station at Chenju, suburb of Shanghai, when transmission to points in Europe, including Berlin, will be started on February 21.

The Chenju station was completely destroyed by Japanese land and air attacks early in the hostilities.

Preparations for resuming broadcasts have been steadily progressing at the hands of the Central China Electric Communications Company, subsidiary of the Central China Development Company.

A series of test broadcasts recently with points in North China as well as Osaka, Hongkong, and Manila proved successful. Four 20-kilowatt transmitters will be added to the radio station by July this year, according to reports.—Domei.

Lee Kuan

Q 22

27/2

P. 207a
K. 200-11-32

Form A

Ref. No. G 13/15

RECEIVED
FEB 11 1938

Headquarters,

Shanghai Municipal Police,

February 2, 1938.

SUBJECT

New Japanese Broadcasting Station at 15 Love Lane.

The Commissioner presents his compliments to The Secretary, S.C. and begs to forward herewith the following documents relative to the subject referred to above

1. Copy of a Police report.
- 2.
- 3.
- 4.
- 5.

F E
R
3/2

Handwritten mark

S.I Special Branch.

February 1, 1939.

Newly established Japanese Broadcasting Station
will adopt same wavelength as Dah Chung Hwa
Station, French Concession

The attached letter dated January 26, 1939 from Major Kazuo Asano, Superintendent, Broadcasting Superintendence Office, was passed to Special Branch by D.C. (Japanese).

It will be seen from the contents that Major Asano has issued a permit to establish a new radio broadcasting station to a Japanese subject, namely Teiji Miyahara. The station which will be known as Lai Tung Radio Station, will be located at 15 Love Lane. Call sign - X.H.H.R. wavelength frequency - K.C. 840, power - 100 watts. The wavelength frequency allocated by Major Asano to this station is the same as that over which the Dah Chung Hwa Station (XHHU), French Concession, has been and in fact, still is broadcasting.

It would appear, therefore, that the Japanese, despite their repeated assurances to respect the rights of established stations, are determined to suppress all stations not registered with the Broadcasting Superintendence Office. The information contained in Major Asano's letter has been passed to the French Police.

Certified true copy

H. C. Sandley

W.P.Y.

Radio Broadcast Control Office,

January 26, 1939.

Public Department,

U. S. C.

Re Permit Granted to
Lai Tung Radio Station

I beg to inform you that this office has issued necessary permit to the above mentioned radio station with effect from to-day. The following is the particulars of the station:-

Name: Lai Tung Radio Station.
Licensee: Mr. Teiji Miyahara (Japanese Subject)
Address: No. 15 Love Lane.
Call Signal: X. H. H. R.
Frequency: 840 K.C.
Power: 100 W.

Yours faithfully,

Kazuo Asano.

Certified true copy:

H. C. Sandley

END
Of.

REEL
NO.

23

CAMERA OPERATOR'S REPORT AND CERTIFICATE		PROJECT NO.
		<i>FRO-2</i>
		REEL NO.
		<i>23</i>
PRODUCTION DATA		INDEXING DATA
STARTED:	(Date) <i>9/15/52</i> (Hour)	BEGINS WITH: <i>D-6593 - 1936 (CONT)</i>
FINISHED:	(Date) <i>9/16/52</i> (Hour)	1. <i>D-6711</i>
TOTAL NO. OF HOURS		2. <i>D-6777 - 1935</i>
TOTAL NO. OF IMAGES	<i>1388</i>	3. <i>D-6808 - 1935</i>
APPROVED: _____		4.
		5.
		6.
		ENDS WITH: <i>D-6813</i>
CERTIFICATION		
THE DOCUMENTS DESCRIBED ABOVE WERE PHOTOGRAPHED BY:		
<i>9/16/52</i>	<i>Dittmold & Frellough</i>	(SIGNATURE OF CAMERA OPERATOR)
(DATE)		

FORM NO. 60-93
FEB 1951

(31-36)

" SECRET "

SECURITY INFORMATION

" SECRET "

SECURITY INFORMATION

9

