

PAPAL ATTACHE, FOREIGN ENVOYS MEET ON CRISIS

French, Polish, British, Jugoslav and Italian Aids Are Called In.

VATICAN CITY, Aug. 30 (U. P.)—His Eminence Luigi Cardinal Maglione, Vatican secretary of State, began a series of conferences with foreign envoys today. In Vatican circles the meetings were considered of great importance and likely to have some bearing on the outcome of the international situation.

The Papal secretary of state returned unexpectedly from his vacation yesterday. Since then he has conferred with His Holiness Pope Pius XII and members of his staff.

Among those whom Cardinal Maglione talked with directly after a two-hour session with the Pontiff today, were the French and Polish ambassadors, the British and Jugoslav ministers and the Secretary of the Italian Embassy.

Vatican circles emphasized that the Holy See, through its offices here and its world-wide influence, was attempting to settle not only the German-Polish crisis but also other questions which may form a threat to European peace.

Gas masks were distributed to Vatican guards today—the first time such a measure ever has been taken.

Large Scale Fighting Reported on Border

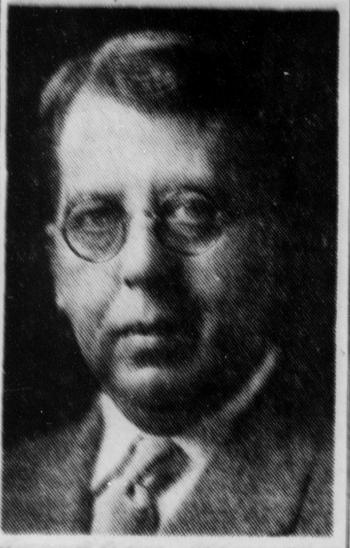
TOKYO, Aug. 30 (U. P.)—Large scale fighting was reported today on the Manchukuo-Outer Mongolia border. The Outer Mongolians were reported to number about 7000 men with mechanized units.

Danzig and Poland Still "Looking Daggers"

DANZIG, Aug. 30 (U. P.)—Bad feeling continued today between this free port area and Poland, and neutral observers feared they were adding to the difficulties of trying to settle the European crisis by arbitration.

Polish quarters threatened to halt food trains en route to Danzig if the pro-Nazi Danzig leaders did not quit interfering with freight trains. However, the still informed sources admitted that two more trains en route to Poland with iron ore had been detained and said that a food shipment en route here from Poland had arrived after a six-hour delay at the border.

H. P. Lieber Dead



PLANS TO BUY WATER UTILITY ARE ABANDONED

Meeting to Formally End Negotiations Scheduled For Today.

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make no effort to sell the property to private interests.

In his statement today, Mr. Johnson said:

"I was present at the meeting in the Mayor's office on Aug. 17 when Mr. Schutt made the statement that the City had nothing but stock to sell and could not be expected to sell or could not be expected to sell the property because of the heavy Federal tax involved in the sale of assets and property."

Mr. Schutt further stated that the guarantees requested by the City could not be given because guarantees might be interpreted as indicating sale of property and assets rather than stock.

Position Unchanged

"Of course, this has always been the position of the estate since the negotiations first started, as is well understood by the Mayor and Mr. Thompson's office."

At this meeting on Aug. 17, Mr. Thompson said he was confident that there were no liabilities of any consequence, except possible tax liabilities, and that his office had written to the Gross Income Tax Department to know what, if any, state gross income tax would apply. So far as we know there has never been an answer to that question.

"We are prepared to present the matter again, believing from our study of the law that the City would be subject to no state gross income tax in this acquisition."

We Are Surprised

"We feel quite confident that there is no Federal tax liability and that there is no state gross income tax liability. In any event, however, both of these matters could have been ascertained prior to the City's closing any purchase agreement."

The negotiations were discontinued before these important matters had been cleared up."

Under the proposal submitted by Mr. McNear, the City would have paid the estate \$4,500,000 for the holding company common stock, thus obtaining ownership of the utility property and acquiring \$1,350,000 in quick assets of the firm.

The City also would have relieved the present company's indebtedness—\$18,438,400 in bonds and preferred stock.

The transaction would have been financed through issuance of revenue bonds bearing 2½ per cent interest, to be paid off over 40 years from water revenue.

Simmering for a Year

Consideration of the purchase was begun nearly a year ago. It first arose last Sept. 13 when Dr. Theodore Cable, then a councilman, submitted a resolution for investigation of the possible purchase of the utility. Council adopted the motion but took no action before going out of office at the end of the year.

On Dec. 14, Mr. McNear submitted a resolution (then Mayor-elect) a report showing how the City could buy the utility and profit by it out of its earnings.

In the next few months, the City obtained enactment of an amendment to the utility laws giving City Council, the Utility District trustees and the Mayor joint authority to purchase utilities.

Mr. McNear met with the Mayor and other officials March 23, explaining the plan. Another meeting was held May 11 with neither Mr. McNear nor the City willing to suggest a starting price for discussion.

A subcommittee was named and, after a series of conferences, was given a price of \$5,000,000 for the common stock, bringing the total cost of the utility to \$22,825,000.

Judson C. Dickerman, Federal Trade Commission utility engineer, who was borrowed by the City, advised officials July 1 that they would be justified in paying \$3,500,000 for the stock. When the estate 14 days later agreed to sell it for \$4,500,000, Mr. Dickerman advised the City to buy.

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