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Ocean shipping is having its problems right now, but the future is bright and ample returns will be available to investors through high income, tax benefits and potential capital gains. For the details, see Page 2.

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An SEC hearing on charges against the nation's largest securities firm, Merrill Lynch, Pierce, Fenner & Smith Inc., moves into its second phases this week after a two week recess. See Page 5.

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In response to reader interest, The Chronicle has expanded its insider trading report tenfold, thus establishing itself as the publication of record for such transactions. The complete list begins on Page 12.

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**Franklin's former chairman offers a plan to save the troubled bank**

By **SIDNEY BROWN**  
Chronicle Economist

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The Commercial and Financial Chronicle

While 11 major banks, at the request of the Comptroller of the Currency, were still looking for solutions last week to make the Franklin National Bank liquid and profitable again, a one-time chairman of the bank, Arthur T. Roth, was ready with a set of proposals that represented new and constructive ideas on how to salvage a bank.

The proposals, already on the desk of Arthur F. Burns, chairman of the Federal Reserve, are innovative and even startling. For example, of \$650 million Roth says must be raised to keep the bank liquid, \$100 million would come from contributions by directors. The contributions would be in lieu of a proposed common stock rights offering to raise \$50 million.

In some quarters the rights offering is seen as adding salt to Franklin investors' wounds. The \$100 million contribution by

the directors, in Roth's view, would discourage class action and other lawsuits by stockholders who might be disgruntled enough to bring them on the grounds that the directors permitted the bank to use unsafe and unsound banking practices.

A contribution by directors would also avoid stock dilution that comes with a rights offering. Most important, in Roth's restructuring proposal, the contributions of the directors would amount to a genuine display of good faith for everyone to see and thus be a long step toward restoration of confidence, which is after all what banking is all about.

Roth would expect that the largest contribution be made by Michele Sindona, the Italian financier and a 21 per cent principal stockholder. Roth sees Sindona as the one who encouraged if not directed the bank's plunge into speculating in foreign exchange. Eventually, unauthorized transactions by a bank employe resulted in large losses. The expected restatement of earnings will reveal the exact amount.

Roth's proposals, which were disclosed

exclusively to The Chronicle, would raise the rest of the \$650 million this way:

The Federal Deposit Insurance Corp. would purchase the bank's portfolio of municipals, roughly worth \$280 million, even though Franklin is solvent and continued to honor all banking obligations. In practice, the FDIC does not provide financial assistance unless a bank is insolvent as well as illiquid.

The municipals would be acquired at the bank's book value for them. Roth says these securities are good, but have suffered from current high interest rates and thus show sizable depreciation. To reimburse the FDIC, the ex-Franklin head would have the regulatory agency assess Franklin an additional insurance premium equal to 20 per cent of its operating earnings before income taxes for 10 years.

**Can't use tax-exempts**

Franklin, Roth says, cannot use the tax-exempt income in view of the large losses it

See FRANKLIN, page 20



**Motorcycle makers cash in on fantasies**

R By **ALICE L. PRIEST**  
Chronicle Staff

Buried deep in the fantasy of every man, beside dreams of Sophia Loren and Raquel Welch, is the desire for another streamlined machine, this one long, low and lean, promising power and freedom.

With the advent of women's lib, that dream has spread to the gentle sex, and many a young woman is being lured by the siren song of the wind streaming in her hair, the call of the open road and, not incidentally, the come-hither contrast of hard-hat, tough leather and soft skin.

Needless to say, none of this is hurting the motorcycle industry, which is enjoying a surge in sales over and above what the energy crisis could have supplied. Not that the energy shortage hurt. Registrations leaped in the first quarter of 1974 to 107,268 per month from 67,935 units per month in the comparable '73 quarter and the number keeps rising.

Why? One young man argued, "Look, with gasoline prices out of sight, I want wheels without the woes." Considering the mileage a motorcycle gets, (up to 80 miles per gallon) such rationalizing is more acceptable to parents today than ever before. In California, high school students can elect crosscountry motorcycling as a sport.

No longer, though, is the motorcycle the menacing machine it once was. Instead, manufacturers are going to great lengths to prove that the old tiger has become a purring pussycat. Yamaha International

See MOTORCYCLES, page 6

**Danger!**

The element of danger as demonstrated by actor Clint Eastwood in a recent movie adds to the mystique of machismo which motorcycles lend to their owners. But the old tiger is turning into a pussycat.

# Profits are on the horizon for shipping industry

By C. Colburn Hardy  
Special to the Chronicle

Ocean shipping is having problems right now but the future is bright. By 1980, with the addition of nearly 100 more vessels, the industry will be transporting half again as many dead weight tons (DWT) of cargo as ever before.

Since 1963, the ton-miles (cargo weight multiplied by mileage) of oil tankers have been rising at an annual rate of 15 per cent and those of dry bulk carriers have been almost as fast at 11 per cent a year.

An increasing number of these ships will be independently-owned vessels operating under charters from major petroleum, grain and metal corporations. They will provide ample returns to investors in three ways: with high income, substantial tax benefits and potential capital gains.

There's over-tonnage now, however, this is seen as temporary, and there are rapidly growing demands for a variety of ships including:

— Specialized and combination cargo carriers to haul grain and coal from North America and to bring back iron ore, bauxite and lumber.

— Small to medium size tankers that can use the Suez Canal and that can move refined petroleum products to the U.S., initially from European plants, but eventually from refineries to be built in Arabian countries:

— And, most important for American shipping companies, tankers to transport oil from Alaska to West Coast ports and refineries.

All of these growth areas rely heavily on ship chartering and, directly or indirectly,

*Pro forma projections of a tanker chartered from 1977 for 20 years*

	1974	1974	1976	1977	1978	1979	1980
Expenses	\$80,025	\$71,400	\$73,000	\$172,656	\$318,450	\$279,397	\$208,950
Profit (loss)	(80,025)	(71,400)	(73,000)	11,477	233,950	280,623	362,071

The sharp jump in costs in 1977 is the result of a \$100,000 fee for operating insurance paid to an established ship operator (such as Ogden Corp. or Marine States) until the new shipping company develops a satisfactory record. The policy guarantees that, if there should be any difficulty, the ship will be operated and schedules maintained.

offer opportunities for profitable investments.

## Two approaches

There are two approaches to making money in this business of ship chartering: (1) As a member of a small group of sophisticated venture capitalists who can afford to wait at least three years to gain annual returns as high as 35 per cent; (2) As an owner of shares in corporations such as Overseas Ship-holding Group Inc., a specialist in U.S. and international bulk shipping, or in diversified companies which own subsidiaries or divisions in the ship charter field, for example Ogden Corp., General American Transportation Co. (GATX) or IU International.

To most people, ship chartering is a highly speculative game played by Greek and Norwegian millionaires. They reap (or lose) fortunes on their ability to guess future rates for tanker or bulk carrier charters.

That's true, but only to a point. Spot ship charters are one of the purest forms of the competitive marketplace and respond immediately to supply and demand. But longer-term contracts involve little more than the normal risks of a trading-operating business that relies heavily on outside financing.

Short-term charters, usually, account for less than 10 per cent of all shipping contracts, though they make most of the news. The reason is plain enough.

Spot tanker rates can fluctuate as much as 800 per cent in a few months. Not long before the Arab oil embargo, charter rates for oil tankers soared from a "Worldscale" of about 80 to 420, plummeted back to 80, rebounded to 200, dropped back to 80 again and, since then, have fallen as low as 65.

The Worldscale is an index that reflects the cost, in dollars-per-dead-weight-tons-per-month, for shipping oil between two specified ports. The index is updated periodically to provide shippers with a reference base for charter rates between several thousand harbors all over the world.

## Highly profitable

Such price swings can be highly profitable. In early 1970, a Norwegian ship owner chartered his almost idle fleet to British Petroleum for \$80 million with a profit rumored to be close to \$60 million.

Chances are he needed a couple of those millions to pay for previous losses, since each idle ship can require as much as \$25,000 a day for such costs, crew, maintenance, financing and insurance.

Ninety per cent of chartered ships return solid, predictable profits and are used primarily for the transportation of oil though they also carry bulk cargoes of raw and finished goods.

Many of these ships are contracted for by major corporations for three to five years considered an (intermediate term) or 10-20 years (long-term).

There are many different types of charters but, generally, the ship owner provides the vessel (in approved, certified condition) and the crew and takes care of all maintenance, repairs, etc. The lessor pays for bunkers (fuel) and certain charges specified in the charter plus an annual fee that usually can be adjusted for escalating costs of labor, cargo handling and other factors.

Such long-term contracts can be used to help finance the purchase, renovation or building of a vessel. The high credit of the oil, coal or grain company supplements the cash investment and borrowing capability of the ship operator.

Long-term chartering avoids the sharp rate fluctuations of the single voyage market, enhances the stability and predictability of the ship's earnings and provides the cash flow necessary to service debt and to acquire and construct additional vessels.

Chartered ships are an essential part of all ocean transportation. Major corporations, especially oil companies, own only about one-third of the ships they need. They rely on independent shipping companies for supplementary service:

## New entrepreneurs

Most shippers prefer demands and future prospects are attracting two new types of entrepreneurs:

(1) Venture capitalists who are interested primarily in leverage and profit potential. Typically, this would be a partnership of an experienced ship operator, a transportation broker and high tax-bracket investors. With \$125,000 in cash, a credit line of \$240,000 to \$500,000 available when the vessel is delivered, a willingness to wait three years for a positive cash flow and a little luck, they can look for pretax profits as high as 35 per cent for as long as 20 years.

These entrepreneurs will probably prefer a partnership to permit each individual to take advantage of the tax benefits of the early losses: costs of supervision, selling, legal fees and financing charges, among others.

(2) Individual already involved in transportation with an unique selling proposition. Two black businessmen, for example, are negotiating with several oil companies for long-term charters for two ships to be built for transportation of oil from African nations to the U.S. and from Alaska to the U.S. West Coast.

Financially, the deals by both the entrepreneurs and the business men will be similar. According to Randall E. Wise,

See CHARTERING, page 3

## SEC exemption for companies

The Securities and Exchange Commission is proposing to exempt from its registration requirements certain sales of up to \$100,000 of securities a year by closely held companies.

The agency says the proposal, if adopted, would make it easier for small businesses to raise capital by freeing them from the costly process of registering stock with the SEC. The registration provisions require companies to disclose certain financial and business information before selling securities to the public.

Companies freed from the requirement would still be subject to the SEC's antifraud rules. The proposal would cover companies with a maximum of 50 shareholders that sell up to \$100,000 of securities to no more than 25 additional shareholders in any 12-month period. The SEC asked for comment on the proposal by August 2.

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# How big profits are made in ship chartering

Continued from page 2

president of Transportation Concepts of Watertown, Mass., the keys to success are competent management and the ability to get long-term charters from wellrated corporations.

In one prospectus (understandably optimistic and simplified) Wise assumes that two contracts will be signed in 1974. Each will be a 20-year contract at \$200,000 operating profit a year. With the charters as collateral plus their own cash-credit, the operators will be able to order the construction of two 120,000 DWT tankers for \$55 million apiece.

## Additional security

The equity investor (bank or leasing company) will require the additional security of the signature of the oil company. Once the contract is signed, participation in the debt financing will be sold to pension funds or insurance companies.

The equity investor should have sufficient operating revenue to take advantage of the annual \$7 million investment tax credit and \$10 million depreciation available in the first year of operations. The total financing will cover 23 years — three years for the startup-charter-construction and 20 years of ship operations.

The business men, interested in building a fleet, will form a corporation to limit liability, utilize tax losses, acquire additional vessels and, eventually, take advantage of non-cash tax benefits.

There's also provision for insurance to offset costs of a strike, repairs or wreck. This covers expenses for 90 days for each incident with a maximum of 180 out-of-service days a year. There's still considerable risk, however, as such a policy carries a 14-day deductible clause. At \$15,000 per day, 13 days out of commission could mean a loss of \$195,000.

During the fifth year, if the deal works according to plan, the investors will have recouped their losses and capital and will be in a position to sell the charter on a discounted-to-maturity basis. With an anticipated annual income of \$370,000 for 18 years, the sale price would be around \$3.5 million. Not a bad return for an after-tax cash investment of \$125,000:

## Overseas Shipholding

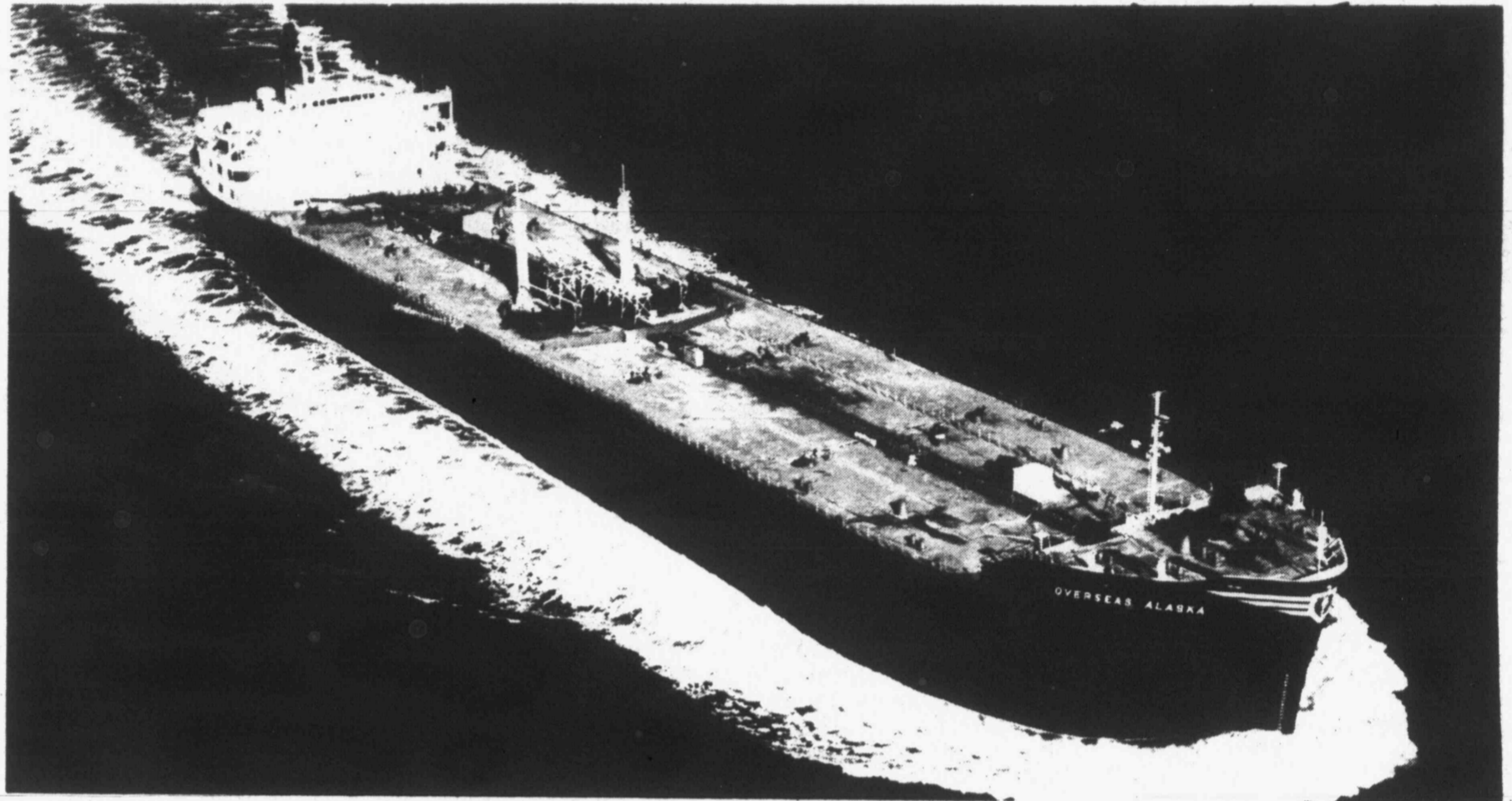
	1973	1972
Revenues:	\$121,187,039	\$80,438,260
Net Inc.:	\$20,312,474	\$15,186,448
E.P.S.:	\$2.08	\$1.63

Current price: \$13.50  
Dividend: \$0.10  
P-E ratio: 5  
Yield: 2.7 per cent  
Shares outstanding: 9,750,430  
Traded: NYSE  
Address: 511 Fifth Ave., N.Y., N.Y. 10017  
Tel. No.: 212 867-3500  
Analysts contact: Jack Goldstein, 867-3500 (59)

## Seatrain

	1973	1972
Revenues:	\$298,293,000	\$211,303,000
Net Loss:	\$23,096,000	\$10,459,000
Loss P.S.:	\$1.69	\$0.76

Current price \$2.00  
Dividend None  
P-E ratio None  
Yield None  
Shares outstanding: 13,706,764  
Traded: NYSE  
Address: Port Seatrain, Weehawken, N.J.  
Tel. No.: 201 866-5300  
Analysts contact: Lee Galperin, 212-682-6992



## High seas

Or the profits could be reinvested to buy or build more ships. This would spread the overhead to a broader base and provide added flexibility in chartering.

## Reward-risk favorable

Says Wise: "Once you have a solid base, the reward-risk ratio is favorable. With a VLCC (very large crude carrier), an operator with 10 ships, one-third of which are paid for, can break even at a World-scale rate of 55-60. The market has never been much more than 20 points below this point, and recently, has been around 70. The upside potential is high — to 500 in periods of heavy demand. That's better than 20 to 1 odds."

With long-term charters providing stable income, major operators can afford to seek the higher returns of more speculative, short term commitments. In a recent talk before the New York Society of Security Analysts, Morton P. Hyman, president of Overseas Shipholding Group Inc., reported that all but two ships scheduled for delivery through 1975 are under long-term charters. The exceptions — medium-size petroleum product carriers which, "because of the strong market, might provide greater profits with short-term contracts."

OSG which owns and operates 41 ships under both U.S. and foreign flags has 23 new tankers and dry bulk carriers on order. Its revenues and net income have almost doubled since 1970: in 1973, \$127.7 million and \$20.3 million respectively. On a per share basis, profits last year were \$2.08 versus \$1.60 per share in 1972. The stock has been selling at around 13.

Hyman is especially optimistic about the impact of the Alaskan oil fields which, he considers "the single most important development in the history of the domestic tanker fleet."

## Enthusiasm well based

Such enthusiasm is well based. By law, oil produced in this country must be transported to U.S. ports in unsubsidized U.S. flag tankers. By 1978, when the through-put capacity of the pipeline will

reach two million barrels a day, there will be a demand for four million DWT tanker capacity. Even with no scrapping of old vessels and the delivery of all tankers now under construction, the available capacity of suitable tankers will be only 1.3 DWT unless ships are diverted from present routes. USG will own 55 per cent of the independent tonnage in the 50,000 to 150,000 DWT range that can be accommodated in U.S. ports.

## Scheduled lines lose

Ocean shipping is neither a predictable nor controllable industry. In addition to political pressures for national sovereignty and cargo protection, ship operators face severe money problems. It's a capital intensive industry that has been hit hard by inflation, higher operating costs and vastly greater construction prices. A 30,000 DWT petroleum carrier that cost \$7 million in Europe in 1969 now goes for \$18 million.

These zooming costs have been responsible for severe losses by scheduled ocean shippers. By law, they must maintain regular routes and charge federally-approved rates. In reporting last year's \$22.3 million loss on \$298 million revenues, Seatrain Lines Inc. stressed, "the painfully slow response to the industry's applications for rate increase... and the dollar devaluation." The company hopes to be in the black this year and, significantly,

## Shipping is cyclical

Like most cyclical business, ocean shipping is subject to periods of great optimism and deep pessimism. The present mood is gloomy, even worse than the depressed consensus of early 1972. Shippers deplore low rates, rising costs, uncertain volume and anticipated over-tonnage.

One prominent dissenter is Ran Haterna, managing director of Anglomar Supertankers Ltd. and senior vice president of Overseas Shipholding Group Inc. Last month, at the launching of a new

Ship chartering has provided high returns with modest risk. The industry has boomed in recent times as a result of the oil crisis, but ship operators are facing severe money problems.

"looks for sizeable profits in the charter segment."

## Charters a major force

Wise, with a background of Kings Point Merchant Marine Academy and Harvard Business School, sees ship charters as a major force in the new approach to "marketing transportation." He describes this as a concept that starts with large industrial shippers and considers total transportation factors — the type of products, loading and unloading facilities, problems at major ports and ships designed or adapted for special needs.

"Alert corporate management," he says, "is beginning to recognize that there's a lot more to ocean shipping than calling a broker to get the best price. With more goods moving over the seas, more top executives are taking a new look at ocean shipping. They will recognize the advantages of ship chartering. And because their companies already face heavy demands for capital for plants and equipment, they will welcome outside financing to supplement their guarantees of long-term contracts." Whether these new funds come from risk-minded entrepreneurs, ambitious young ship operators or broadly-based corporations, there will be opportunities for high returns with modest risks. In these days, this could be an unusual investment.

tanker, Windsor Lion, he noted that the 1972 laments were followed by "by the greatest tanker boom in history."

Stressing that during the last 20 years, the flow of oil imports has never declined, he said the pessimists fail to "appreciate the dynamics of the market... the accelerated retirement of obsolescent vessels, a probable eight per cent reduction in tanker deliveries" and the fact that major shipowners had been able to profit by concentrating on long-term chartering.

# USI's stock is cheap, so insiders are buying

By ALAN J. WAX  
Chronicle Staff

Corporate insiders are apparently undisturbed by adverse developments affecting U.S. Industries Inc. They've bought more than a quarter of a million dollars of the company's stock in the first five months of this year.

USI, a highly diversified company that ranks 98th among U.S. industrial concerns with assets exceeding \$1 billion, is faced with a lower earnings outlook for 1974, a court clash between its management and some former executives and, most recently, the removal of its commercial paper rating by Moody's Investors Service. Nonetheless these insiders bought a

total of \$270,176 of USI. common and preferred stock.

— USLIFE Corp., which already was the beneficial owner of more than 10 per cent of USI's \$6 convertible preferred stock, series "M," purchased an additional 3,000 shares at \$63 each on the open market on April 5.

— David L. Yunich, a director and chairman of the New York State Metropolitan Transportation Authority, purchased 800 shares of USI common at \$7.875 a share on May 9.

— Myron Goldman, a director and president of Excelled Coat Co., a USI subsidiary, bought 64,900 shares of common at prices ranging from \$7.62-\$7.77 a share in nine separate open market pur-

U.S. Industries		
	1973	1972
Revenues:	\$1,636,756,000	\$1,578,504,000
Net Inc.:	\$66,851,000	\$80,739,000
E.P.S.:	\$1.93	\$2.24
Current price: \$6.75		
Dividend: \$0.72		
P-E ratio: 3		
Yield: 10.6 per cent		
Shares outstanding: 28,389,264		
Traded: NYSE		
Address: 250 Park Ave., N.Y. N.Y. 10017		
Tel. No.: 697-4141		
Analysts contact: David Dworkey		

chases between April 1-11. He also acquired 501 shares of common at \$8.125 a share on March 11 through the company's bonus

plan. His acquisitions totaled 64,401 shares worth more than \$53,510.

— Dolphe C. Boynes, also a director, purchased 902 shares of common at \$7.4375 a share on January 11 through the company's bonus plan. His purchases were worth \$6,708.625.

— Gordon A. Walker, also a USI director, bought 1,303 shares of common at \$8.125 a share through the company's bonus plan on March 11. His purchase was worth \$10,586.875.

None of these insiders could be reached for comment on why they had made these purchases, however an MTA spokesman who relayed the matter to Yunich said,

See USI, page 10

# Northrop is a 'buy' despite Watergate ties

By LEO FASCIOCCO  
Reuters News Service

Analysts close to the Northrop Corp. are unperturbed by the recent adverse publicity that's been hitting the jet-maker because of Watergate.

Several aerospace analysts say they're continuing to recommend the stock as a buy based principally on expected higher earnings for this year and next. Last month, Northrop and its chairman and president, Thomas V. Jones, were fined \$5,000 for illegal contributions of \$150,000 to President Nixon's re-election campaign. Their donations violated a law banning contributions by government contractors.

As a result, Northrop's annual meeting was postponed to July 31 to allow time for new proxies to be mailed. In addition, several of the company's top executives were recently named in a stockholder suit seeking their removal because of illegal contributions.

Merrill Lynch analyst George Nitschelm says, the recent problems of Northrop "might dampen the near term recovery of the stock, but we're still carrying it as a buy."

Another analyst, Marvin S. Raphael of Wedbush, Noble, Cooke Inc., says, the first news of the involvement did have a "temporary effect" on the stock, but he adds, it was only a psychological thing. "They didn't get any extraordinary contracts from the contributions."

In a recent report recommending the stock, Raphael projects Northrop's earnings should rise from a fully diluted \$2.67 a share last year to between \$3.30 and \$3.50 a

share this year, and to between \$3.87 and \$4 in 1975.

Raphael says that based on Northrop's average p-e of around six and assuming a "decent market," the stock should sell between \$44 and \$35 this year, based on these estimates, and between \$39 and \$49 next year.

Northrop is now trading at around \$21. The high for the year was \$24.

## Large gains expected

Most analysts say Northrop is on the threshold of large earnings gains because of expected increased production of its new F-5E Tiger supersonic fighter — the successor to the profitable F-5 Freedom Fighter.

Last year, 48 of the F-5E's were shipped and this year deliveries should climb to 144 and to 240 airplanes in 1975. In all, analysts expect shipments to total 1,000 units and perhaps as high as 1,200. Current orders now stand at 500 planes.

Analysts say the F-5E business will be translated into higher earnings because as production increases profit margins will go up dramatically.

An indication of this was shown in a report by John Simon of Crowell, Weedon & Co. He estimates that earnings from Northrop's aircraft operations alone should climb from \$24.7 million last year to \$39.7 million this year and to \$54.1 million in 1975.

Overall, Simon estimates Northrop's earnings (fully diluted) at \$3.45 a share in

## Northrop Corp.

	1973	1972
Revenues:	\$698,967,000	\$573,749,000
Net Inc.:	\$1,608,000	\$11,136,000
E.P.S.:	\$2.93	\$2.57

Current price \$21.00  
Dividend \$1.12  
P-E ratio 6  
Yield 3.5 per cent  
Shares outstanding: 3,747,940  
Traded: NYSE  
Address: 1800 Century Park East, L.A. Calif. 90067  
Tel. No.: 213-553-6262  
Analysts contact: James Wilson, 553-6262 (291)

1974 and \$4.30 a share in 1975. Sales should increase from \$699 million to \$860 million — this year and to \$1,050 million in 1975, he says.

Merrill Lynch's Nitschelm, who's estimating Northrop's 1974 net at \$3.60 a share fully diluted — higher than most other analysts — says that first quarter earnings of 58 cents a share compared with 39 cents were "right on target."

"We look for Northrop to show better earnings as the year moves along," he says.

The only "substantial uncertainty" in Northrop's near-term outlook is its stake in an Iranian telecommunications project, analysts say.

Most expect final contract negotiations to result in a "break even situation."

However, Northrop's senior vice president of finance, James D. Willson, said in an interview, "We think we'll have a profit from it."

Willson notes a recent analyst's report stating Northrop might be required to make a \$10-million pre-tax earnings reversal from the Iranian deal because \$5 million booked as net income prior to 1972 was not correct.

He said Northrop uses an ultra-conservative accounting policy and that possible losses from the Iranian project have already been accounted for.

As a matter of fact, Willson says that all areas of Northrop's business this year will show a profit. That would be a switch from last year, when Northrop's aircraft business — just 40 per cent of sales — accounted for 123 per cent of earnings.

He says losses from Northrop's construction business have been eliminated by the phasing out of airport development operations and the company's other businesses will be profitable as a result of the elimination of losses from barge contracts.

One analyst described these developments as a "real kicker" for this year's results.

## DIVIDEND NOTICE

The Board of Directors of Sorg Printing Company Incorporated declared a regular quarterly dividend of \$.075 per share on the outstanding common stock of the Company payable July 1, 1974 to stockholders of record at the close of business June 10, 1974.

Doris Sorg Cunnion  
Secretary and Treasurer

May 31, 1974

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## Dividend on common shares

The Board of Directors of Columbus and Southern Ohio Electric Company, on May 30, 1974, declared a dividend of forty-nine cents (49¢) per share on the outstanding Common Shares of the Corporation, payable on July 10, 1974 to shareholders of record at the close of business on June 25, 1974.

G. C. SHAFER  
Secretary

COLUMBUS AND SOUTHERN  
OHIO ELECTRIC COMPANY

## Beneficial Corporation

180th CONSECUTIVE QUARTERLY  
COMMON STOCK CASH DIVIDEND

The Board of Directors has declared per share cash dividends payable June 30, 1974 to stockholders of record at the close of business June 10, 1974.

Common Stock—Quarterly—\$3.125

5% Cumulative Preferred Stock—Semi-annual—\$1.25

\$4.50 Dividend Cumulative Preferred Stock—  
Semi-annual—\$2.25

Payable July 31, 1974 to stockholders of record at the close of business July 8, 1974.

\$5.50 Dividend Cumulative Convertible  
Preferred Stock—Quarterly—\$1.375

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May 29, 1974



# SEC resumes hearing in Merrill Lynch case

By MARY HALLORAN  
Chronicle Staff

A Securities and Exchange Commission administrative proceeding on charges against Merrill Lynch, Pierce, Fenner & Smith Inc. involving Scientific Control Corp. moves into its second phase this week with the investigation of charges of "fraudulent" and "negligent" research. The hearing is resumed after a two-week recess.

The charges against the world's largest brokerage house, made last June by the SEC's division of enforcement, allege that during the period from March 1968 to November 1969 Merrill Lynch committed "serious fraud" in its sale of Scientific Control stock. Scientific Control is a Dallas computer company that was in serious financial condition at that time.

In all, the brokerage firm, along with 47 of its account executives and two analysts, have been charged with "fraudulent" research; with failure to disclose pertinent information concerning Scientific Control to customers; and, with issuing misleading statements to customers and potential customers about the company.

During this round, says SEC attorney Michael Harris, the SEC will cross-examine Willard Pierce, Merrill Lynch analyst for the office equipment industry, and Philip E. Albrecht, a former research supervisor. Both are charged with, among other offenses:

— Preparing and disseminating, to their branch offices and representatives, "a series of optimistic opinions and recommendations" on Scientific Control, made without adequate basis.

— Failing to conduct a diligent research analysis of Scientific Control prior to the preparation and dissemination of reports.

Defense attorney Richard Casey says a number of Merrill Lynch personnel have received subpoenas for this session, but it is not yet known who will be called to testify.

Casey says all defendants still deny the charges made by the SEC. After charges were originally announced Merrill Lynch refused its option to settle by a consent order. Such an order contains a pledge that a firm, while denying any guilt in a case, would not violate applicable federal laws.

Observers say Merrill Lynch's decision to fight it out reflects a belief by the firm that it didn't do anything illegal.

Harris and Casey both suggest that this segment of the hearing may also focus on charges that the defendants had access to inside information which was not divulged to customers. The hearing is expected to be completed this summer.

The proceeding will be held again at the U.S. Customs Court, 1 Federal Plaza, New York City before SEC Administrative Law Judge Sidney Ullman. Subsequent sessions are tentatively slated for Dallas, San Francisco, Detroit and Atlanta.

## 58 witnesses

In the recently completed session 58 purchasers of Scientific Control stock testified about their dealings with Merrill Lynch salesmen. All maintained that they bought the stock mainly on the recommendation of the salesmen, and in many instances, were "talked into buying the stock."

Father James F. Heffernan, an Army chaplain, said he bought 100 shares of Scientific Control in June 1969, after Edward Flynn, a salesman at Merrill Lynch's Church Ave., Brooklyn branch, called the company a "possible IBM." Heffernan conceded that he bought without knowing anything about the company and relied solely on Flynn's advice.

Thomas C. Nachod, a banker, testified

that he purchased 20 shares in March 1969 through Albany representative Edward Sells when the salesman told him that Scientific's stock would go from 32 to 60 "within six months or a year." Neither salesman reportedly said anything about the company's actual financial condition.

Henry Passerini, an auto dealer, also testified to buying shares of Scientific Control through the Brooklyn office. When he first consulted the branch office on May 14, 1969, he said Flynn recommended the purchase of Scientific Control because the company was "a real winner."

Pharmacist Alan Tubbs said that a salesman at the Albany branch office told him that Scientific Control shares would go up from its current price of around \$30 to "\$40 to \$50 per share." On this recommendation Tubbs bought 20 shares, he said. On October 16, 1969, after inquiring about the drop in the stock's price, Tubbs said he was told that the company was trying to negotiate a loan and that the price would return to the purchase price "within a matter of weeks."

According to retired school teacher Samuel Zappia, Albany representative

Sells assured him that "the stock was going into the 80's and he guaranteed it." Zappia also testified that he depended mainly on the word of the representative about the stock because "they were most qualified to do that."

Zappia, as did others, testified that his salesman mentioned nothing about Scientific Control's financial difficulties. However, Zappia admitted that he continued to do business with Sells after the company filed for Bankruptcy.

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# Motorcycle manufactures cash in on fantasies

Continued from page 1

Corp. runs classes for people with a yen to participate in the craze. "Learn to Ride Safely" is the name of the program, and, in the past two years some 200,000 beginners rode around parking lots, to get the feel of the machine.

Of those 200,000, 24,000 bought Yamaha bikes, to yield an upsurge in earnings to Yamaha of approximately 19 per cent in 1973 over 1972. Yamaha shares are not traded in the U.S. Neither, for that matter are the shares of Suzuki, Kawasaki, BMW or BSA (the latter two are German and British respectively).

In order to trade in these securities, orders must be placed with broker-dealers who have foreign representation, and the shares must be left abroad. The is wary of any stock in the U.S. which is not registered with them, and dealer-brokers must assure themselves and the SEC that there is no solicitation involved in the sale. Particularly when there is a new issue involved, the SEC is especially watchful that brokers do not attempt in any way to solicit business on shares not registered.

For this reason, Victor Alvarez of Carl Marks Inc., security traders, says that his company will handle liquidation of foreign securities not registered with the SEC by trading them on foreign exchanges, but will not buy them for its own inventory.

"According to Carl Bodolus of the SEC, there are some foreign security houses in the U.S. which will accept orders for foreign securities if they meet the proper criteria, but, says Bodolus, "If we saw foreign security houses going out and soliciting sales in securities not registered with us, we would impose sanctions immediately." However, he added, "there is nothing in our laws which prevents an American citizen from buying whatever he wants, either here or abroad. If he doesn't want to take advantage of the safeguards which the SEC provides, that's his business."

When asked if many foreign security brokers do, indeed, sell foreign securities here, Bodolus was reluctant to comment. When his reluctance was taken as assent, he insisted that the SEC scrutinized very carefully any non-registered security sale which came near a new offering abroad.

## Japanese producers

To compare the manufacturers of motorcycles whose stock does not trade in the U.S. except in this manner, it should be remembered that these stocks can only be purchased in the U.S. as noted:

(a) All figures are in millions of yen. The rate of exchange is between 0.35 and 0.38.

Of all the Japanese producers of the bikes, only Honda is traded in this country directly, and that is through ADR's. Honda also has the largest share of the market both in this country and abroad, giving the company the competitive edge over its rivals.

Harley Davidson, with about per cent of the U.S. market, says that its sales volume is held back solely by component shortages and machinery and tooling supplies. "There is very little inventory at our dealers," says John Davidson, president of the American company, a division of AMF Industries, "and most of our models are being shipped with customers deposits already laid out on them."

"One of the great things about being in this industry," Davidson says, "is that you get to ride motorcycles. I still get strange looks from people, but motorcycling has become socially acceptable these days. It feels so great — keeps you young."

Davidson maintains that the energy



## Streamlined

Actress Raquel Welch is part of the fantasy that leads men to purchase motorcycles.

crisis gave people who always wanted a motorcycle the excuse to buy one. "Our bikes are not used primarily for transportation, but for recreation. All these men who bought them wanted an excuse for buying a 'big boy's toy'."

While women have bought a few, their numbers have not been significant, according to Davidson. "We see some indication that with the bikes' present social



## Up and away

This motorcyclist demonstrating his competence induces higher sales for motorcycle manufacturers. Transportation is one of the primary reasons for buying.

acceptance women are coming into the market more and more, but we can hardly call them a potent factor on sales as yet."

Enforcing the image of bikes as adult play things is the fact that the vast majority of owners use their bikes for racing or cross-country, off-road obstacle marathons. Virility and vitality are the terms most used in the motorcycle magazines about these machines. Here is how Motorcyclist magazine describes the ride on a super powered machine:

"For contrary to popular opinion that a lightning-fast thoroughbred is vicious and violent...it's right. There isn't a trace of temperament in its silky-smooth progression

A number of smaller companies compete in this area; although Yamaha consistently wins the prizes to date. Bombardier's Can-Am (a Canadian outfit which also manufactures ski-mobiles and subway cars is entering into the competition Harley Davidson's specialty, however, is not in

this type of market. Like the Detroit auto manufacturers, this company's emphasis on is on size and comfort. Its bikes go up to 1,200 cc's. (Cubic centimeters are the measure of the engine's displacement, and the higher the number of cc's, the heavier the bike.)

Like the Detroit behemoths, though, the larger the size, the poorer the gasoline mileage. Harley Davidson claims that its largest models get 45 miles per gallon, although articles written on cycles of that size have claim that the bikes get closer to 28 mpg.

One of the other major problems with motorcycles which surfaced during the energy crisis, is the size of the gasoline tanks. Ranging from two or less to five gallons in the larger models, motorcycles were required to wait in line along with their four-wheeled counterparts at service stations because of the need to refill often.

See MOTORCYCLES, page 7

# Profits zoom for motorcycle manufacturers

## How Japanese compare

Company	Gross Revenues (a)		Net Income (a)	
	1973	1972	1973	1972
Yamaha	\$482,131	\$401,690	\$14,876	\$12,458
Kawasaki	1,439,985	1,133,981	28,338	27,916
Suzuki	571,923	547,840	10,796	11,229

(a) Based on conversion rate of 275 Yen to the dollar. This is the same rate at which Honda's figures are shown.

Continued from page 6

The largest share of the market is definitively owned by Honda. Traded here as ADR's, Honda has captured even more of the market share during the energy crisis, primarily because its emphasis is on the smaller (90 cc-250 cc) bike. Currently, its market share is about 48 per cent of all motorcycles sold in the U.S.

From a high of exporting 832,841 motorcycles in 1971 to the U.S. and N. America Honda's sales slipped to 509,336 in 1973, but 1974 has again proved to be a bonanza year. The company has experienced a shortage of machines, and back orders have piled up. Like Harley Davidson, they are expanding as fast as they can to capture the market while it is still hot.

Although motorcycles represent a high on wheels, their safety is still a major factor in sales resistance. While it has to be acknowledged that their very danger is part of their mystique, nonetheless their fatality rate — 17 per 100 million miles — compares radically with that of automobiles — 4.7 per 100 million miles, including pedestrian and non-occupant deaths.

The National Safety Council has inveighed against motorcycles for years, but despite their dire warnings registrations have grown from 550,000 in 1960 to more than 3,803,000 in 1972. Various safety devices have been required, such as helmets and operators of the machines now need a special permit, but so long as an unprotected rider competes with mountains of steel on the road, the accident factor remains high.

To combat the bad publicity and the accident rate from the vehicles, Harley Davidson and the Japanese manufacturers have funded an educational program to teach motorcycle driving in schools. To date, except in a few California schools, such programs are not available.

## Money

Motorcycles range in price from a tab which a boy with a paper route can manage — about \$400, to a high of over \$3,000 in the largest models. Add to that the cost of helmet, boots, outer jacket and other ac-

## Merrill Lynch to open London bond office

Merrill Lynch, Pierce, Fenner & Smith Inc. says it will open a Eurobond trading operation in London on July 1.

The new operation stems from the removal of U. S. controls on capital outflows in January.

The company also is considering an around-the-clock trading operation in domestic U. S. bonds, if the U. S. withholding tax on interest and dividend payments to non-residents is removed, a spokesman said.

coutrements, even the smallest model gets more expensive.

Seen as a luxury toy, the \$3,000 model which AMF claims is selling famously, adds to the company's coffers at a sizeable rate. While Davidson would not reveal how many units were being manufactured each

## AMF stalled by strike

AMF Inc., said production at the three Milwaukee, Wis., plants of its Harley-Davidson subsidiary remains suspended following June 1 expiration of the contract with the Allied Industrial Workers. Some 1,600 workers are affected.

AMF said at issue is the question whether other unions not represented in the plants may form part of the bargaining team in the negotiations. Under the previous contract, only local Harley-Davidson employees were eligible to serve on the bargaining committee.

According to a spokesman at Harley Davidson, assembly of motorcycles is continuing at its York, Pa. plant from inventory, but how long that will last is uncertain.

year, and since the division is a wholly-owned subsidiary whose figures can't be broken out, it is impossible to assess impact on gross.

But, since the company is expanding its Milwaukee motorcycle building facilities, and now has four plants in Wisconsin, as well as one in York, Pa. (not to mention a

wholly-owned Italian plant which manufactures components for assembly in the U.S.), it is safe to say that the division is highly profitable.

Honda breaks out its motorcycle sales separately. As the world's largest motorcycle manufacturer, its production has risen from 2,574,000 units in 1969 to 3,731,000 units in 1973. The company is projecting sales growth of 11.1 per cent in 1974 and 14.3 per cent in 1975. Sales of motorcycles have gone from 88,445 (million yen) in 1969 to 154,119 (million yen) in 1973. This last was a drop from 177,426 (MY) in 1972.

Whether or not the boom market in motorcycles can be sustained when the specter of the energy crisis comes to an end will depend on disposable income and the price of fuel. There is not too much of a rationale for a "big boy's toy," during tight money periods, especially if it must be financed at an interest rate of some 16-18 per cent per year.

In favor of the most optimistic projections are the records of registrations being set each year. Estimated 1973 registrations reached 4,222,000 units and projections from the industry see 5,000,000 by 1980. This is times the 1960 rate.

## Who buys them

In the largest market study performed to date on the motorcycle industry, a sampling of 5,000 owners of motorcycles revealed that 16.5 per cent of all owners came from professional-technical occupations. The median age of owners was 21 years and more than 22 per cent attended college.

Motorcycles were not the only vehicles owned by these people. More than 98 per cent owned automobiles as well, suggesting that the profile of the motorcycle owner has changed from the hell-bent-for-leather image of Hell's Angels to a respectable, solid citizen who uses his machine for sports and recreation, rather than as his sole method of transportation. Almost 50 per cent had off-road bikes.

Part of the fun of ownership evidently is working on the mechanical parts of the bike, and 4,500 of the 5,000 respondents did their own maintenance. The market for such maintenance is a whole new story, encompassing lubricating oils, special seats, carburetors, tail pipes and other equipment items.

## AMF Inc.

	1973	1972
Revenues:	\$907,906,000	\$874,339,000
Net Inc.:	\$57,769,000	\$55,599,000
E.P.S.:	\$3.15	\$2.95

Current price: \$18.75  
Dividend: \$1.50  
P-E ratio: 10  
Yield: 8.0 per cent  
Shares outstanding: 18,016,996  
Traded: NYSE  
Address: 261 Madison Ave., N.Y., N.Y. 10016  
Tel. No.: 953-0300  
Analysts Contact: Don Gordon, Security Analyst, C. S. McKee 412-566-1234

## Honda

	1973	1972
Current price	\$50.25	\$45.00
Dividend (b)	\$0.65	\$0.60
P-E ratio (a)	25	25
Yield	1.2 per cent	1.2 per cent
Revenues:	(dollars) \$1,445,036	(dollars) \$1,358,422
	(000yen) 397,385	(000yen) 373,566
Net income	(dollars) \$46,098	(dollars) \$41,520
	(000yen) 12,677	(000yen) 11,418
E.P.S.:	(dollars) \$2.54	(dollars) \$2.28
	(yen) 697	(yen) 628

Shares outstanding: 363,600,000  
Traded: Over-the-counter  
Address: American Honda, Gardena, California  
Tel. No.: (213) 321-8680  
Analysts contact: Mr. Matt Matsouka (213) 321-8680

(a) ADR's  
(b) per ADS each representing 20 shares common stock.

## Commonwealth sees another record year

Commonwealth Oil Refining Co. Inc. President N. C. Keith told shareholders at the annual meeting last week, "We expect another record earnings year in 1974, based on the facts available today, but will not attempt a definitive forecast" because of uncertainties.

Net in 1973 was \$36.5 million vs. \$3.1 million in 1972. First quarter 1974 net was \$15.6 million vs. \$2.8 million a year earlier.

Discussing the need for greater profits, Keith said 1973 earnings provided a return on assets of little more than 7.5 per cent and working capital requirements had increased by \$3.56 million in 1973, an amount almost equal to profits. He said no early resumption of cash dividends was anticipated.

Keith disclosed that the company will participate with Pertamina of Indonesia in a large aromatics plant. It will be related to the Palambang refinery in Sumatra and is expected to produce up to 120 million gallons annually of benzene.

SYSTECH FINANCIAL CORPORATION a subsidiary of DILLINGHAM CORPORATION  
is expanding the selling group for

## Systech Properties - 1974

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SYSTECH PROPERTIES — 1974 is a limited partnership which presently owns and operates nine apartment complexes in Texas. Dillingham Corporation and its subsidiary, Systech Financial Corporation, are the General Partners. The Partnership has received a ruling from the Internal Revenue Service that, based on certain conditions, it will be classified for federal income tax purposes as a partnership. The principal objectives of the Partnership in making investments are as follows:

1. To obtain longer term capital appreciation.
2. To provide current tax sheltered cash distribution to Partners in the first several years.
3. To provide, in the initial year at least, investors with federal income tax deductions from their taxable income from other sources.

This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Units. The offering is made only by a Prospectus; a copy of which may be obtained from Systech Real Estate Securities Corporation below. The anticipated closing date of the offering is July 31, 1974.

Any NASD member firms interested in participating please contact:

John L. West, Systech Real Estate Securities Corporation, 1990 No. California Blvd., Walnut Creek, California 94596, Telephone (415-937-1900 or (800) 227-0470 outside California.

## Defining pollution

Pollution is a dirty word, say the posters, but evidently this isn't so to the Federal Appeals Court in St. Louis, Mo. In an opinion which struck down a District Court's finding, the appellate division will apparently permit Reserve Mining Co.'s Silver Bay plant to continue to pollute Lake Superior for another five years.

Declaring that the health hazards from the dumping of 67,000 tons of ground-up taconite rock into Lake Superior were unproven, the court ruled that, to decide this issue on the basis of uncertain consequences, went beyond judicial authority and into the realm of legislative jurisdiction.

Although the court said that the initial decision which allowed the company (jointly owned by Armco and Republic Steel Cos.) to dump its tailings into the lake was a "monumental environmental mistake," nonetheless it could not

rectify that mistake on the basis of health issues without clear and immediate dangers present.

This leads to the question of a definition of pollution. If the Environmental Protection Agency is to function at all, it seems evident that standards be set up in the legislature, clearly delineating what pollution is. Congress might well address themselves to more than clear and present health hazards in their ruminations. The chain of life which begins with a single-celled organism may eventually affect all living creatures.

Fortunately, the Food and Drug Administration doesn't take the same cavalier attitude toward drugs and food products. The onus is on the manufacturer to prove his product safe, rather than the other way around. This conservative approach to life in one agency would do well to be reflected in more of the government's thinking.

## Mother knows best?

"Mother" Metropolitan (Life Insurance Co.), who created a model community in an area of New York City called Parkchester, has disappointed and frustrated her "children" by abandoning them in 1968 to the cold, hard world of Helmsley Parkchester Management Co.

Harry Helmsley, who heads the company, wants to convert the East Bronx, N.Y. enclave to a condominium eventually, which would put the responsibility of ownership and maintenance on its tenants. But the tenants are unhappy. In the maternalistic world in which they lived, not only was maintenance taken care of for them, but "Mother" saw to it that only the right people lived with them, and that the children cared for their possessions properly.

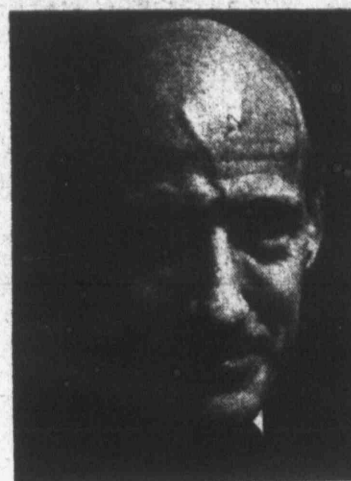
This kept order in "Mother's" house and allowed the children to play unheeding of the woes which whirled around the compound. Now that Helmsley has removed the barricade, bad things are

happening. The wrong people are coming in; private policemen who maintained discipline are no longer in evidence; youngsters are becoming boisterous instead of being decorous.

Those who conformed then were willing to give up their freedoms for security and protection. They would like that protection today, even at the same cost.

Perhaps that bodes poorly for the American dream of personal liberty, were it not for the fact that the tenants still want to exercise their freedom of excluding those whom they deem undesirable.

Unfortunately for them, Helmsley, who has promised all tenants who wish to continue living in their rent-controlled apartments that he would not evict anyone in order to make the conversion to condominiums, is unwilling to give them the privileges of freedom without the responsibilities that go with it. The question arises as to whether "Mother", in her attempt to protect her investment, did right by her children.



EDITOR'S NOTE: Christopher Elias is traveling this week. His Straight Talk column will resume next week.

The neither fish, nor fowl type of foreign exchange system that has been operating in the past few years may still continue unresolved notwithstanding this week's sixth and last meeting of the Committee of 20.

This high level finance minister and central banker International Monetary Fund group will meet June 12-13 in Washington D.C., to agree on the general framework of reference to guide the IMF's final determination of international monetary reform. The C-20's first meeting was held on September 28, 1972, a year after President Nixon suddenly severed the U.S. dollar's last ties to gold and floated the dollar. Actually, for all practical purposes, the dollar has not been redeemable in gold to official holders of our paper money since the two-tier agreement of March 1968.

Between the time that the Interim Committee of the IMF's Board of Governors receives the C-20's "Outline of Reform" and when the IMF itself adopts the first major reform to the Bretton Woods agreement, the world's currency markets could linger for an indeterminate time in the limbo of uncertainty. Contributing to foreign exchange uncertainty is the rampant speculation on the future role of gold in monetary reform.

### Gold solution?

The destabilizing factor in the foreign exchange markets is not new, it is still the unmanageable balance of payments deficits by major countries and the widely held belief that the debtor nations will do nothing about it. The uncertainty over gold's future role complicates matters. This is a condition which floating rates have not cured, much to the dismay of its advocates.

Exacerbating the plight of the major nations, is of course, the quadrupled run-up of the price of oil, since last October, and the synchronized accentuation of worldwide price inflation since then.

An old remedy, often tried and equally often unsuccessful, is being trotted out again as a solution to balance of payments deficits with a vengeance.

Instead of the \$20.62 to \$35.00 devaluation of gold between March, 1933 and January 31, 1934, the subsequent increases to \$38.00 and \$42.22 on December 18, 1971 and February 12, 1973, respectively the gold devaluationists now say that the curative powers from a rise in the price of gold can only occur if that rise is monumental.

Brushing off today's much higher free market than official gold price currently at \$162 per ounce, the gold devaluationists insist on a \$200, \$300 and even higher figure. A four-fold increase of the official price to \$168.88 per ounce would give the world's

### Economic insight

## No resolutions in the offing for exchange

By Sidney Brown

official monetary stock a \$176 billion value and a \$132 billion profit to pay off debts.

Imagine, however, what a seven-fold increase would do to today's \$44.9 billion officially held world's gold stock? The profit would be \$226.4 billion! It would be a dream come true, allowing more than enough to cover the estimated as much as \$60 billion oil contribution to balance of payments deficits as well as other contributions to a nation's international indebtedness.

### The rationale

To justify this sudden windfall, the plaintiffs also urge as a correlative step the convertibility of paper currencies into gold at the new, highly inflated, official gold price. This step, they say, will prevent governments in the future from overissuing money. Just as the old redeemable gold standard, acting like a watchman, prevented overissuance of paper money for fear that it would be turned in for gold and upend the government in office, so would this restored gold standard keep money from being oversupplied.

If a superfluity of money is the reason for price inflation and the depreciation of currencies in the world's foreign exchange markets, the gold devaluationists of today ignore what a torrent of money such a devaluation could unleash once the gold assets in a central bank's balance sheet are written up.

Thus, the old problem of an excessive money supply would still be with us and, with it, hand-in-hand, the threat of increased price inflation. Today's devaluationists first, and gold standard advocates second, clamorous as they are, are strangely tongue-tied when confronted with the incongruous consequences of their proposal to inflate officially the price of gold.

### Inherent danger

What they advocate is akin to closing the barn doors after the horses are stolen. The modern devaluationists conveniently ignore the plethora of money that could be issued under their dream world formula. Even money after, say, \$300 pricing for gold is made a fait accompli, the holders of paper money may threaten to, or show that they will, demand gold out of fear of what the swollen money supply would do to the price level. Under those conditions, hardly unrealistic, what will follow?

There is, as we see it, no future basis for the essential condition of fixity in the price of gold. Under the redeemable gold standard advocated by today's devaluationists there would be no fixity, only astronomical hikes in the price of gold. This process could go on ad infinitum.

At present, the European countries are quietly urging that the present \$42.22 official gold prices be replaced by today's

See INSIGHT, page 18

# Restructuring

## A broker tells how his firm changed to insure its survival

By J. Stephen Putnam  
Special to the Chronicle

Several people have told me that our industry is in the death throes, and that fully negotiated rates will put an end to our industry. But I feel differently. I think that this change may force us to forget the Alice in Wonderland attitude which has pervaded our industry for several years. We are not going back to the serene sixties. We must restructure our firms and our industry to insure their survival without the crutch of



J. Stephen Putnam

fixed rates. In the process we can learn a great deal about our firms and profit by that knowledge.

The first thing we must learn is what business we are in. In our own case we found that we are in the financial services business. That one fact changed our entire outlook as early as 1968. Because of the realization in conjunction with Ter Bush & Powell, a large insurance agency located in the state of New York, we set up the nation's first financial services holding company to own a member of a national stock exchange.

Through this entity, Ter Bush & Putnam Inc, we acquired an insurance agency which handles all forms of insurance dating back to 1916. Also through this entity we affiliated Boston Security Counsellors Inc, a registered investment advisor which manages both individual and corporate accounts and Planned Investment Fund Inc.

We have also become the distributor of Century Shares Trust a trust specializing in insurance and bank stocks. Further, we have made arrangements to provide our accounts with other services from commodities to options and are continuing to design and adopt new financial services to assist them. The focus of our activity moreover, has changed from the product or transaction to the account. We have recently reinforced this attitude in the eyes of our clients and our firm by designating those that assist our clients as "Account Consultants." They may assist a single

See RESTRUCTURING, page 35



Eliot Janeway

## Figuring the cost of borrowing money

What's new and different about the arrival of 12 per cent money is not the fact of 12 per cent money. Even when the charge for borrowing money is less than 6 per cent, the real burden to the borrower comes to more than 12 per cent.

It's a good thing, too. If borrowers paid nothing but interest, how could they ever work themselves out of debt. Every well-rated borrower always reckons on a double cost of carrying any loan.

After all, the rate of interest represents just the carrying cost of renting the money as long as it is owed. The other part of the loan cost is accounted for by the paydown. The U.S. Tax Code is structured to respect this double standard of accounting for debt. Interest is deductible and, therefore, easier to pay provided the borrower is a taxpayer with earnings. Paydowns involve coming up with hard after-tax dollars which are not deductible. Obviously, interest costs the average taxpaying borrower one half the rate the lender charges, while paydowns cost twice as much.

The real test of how easy or hard a time borrowers are having is measured by this double standard of counting the cost of borrowing. Any time interest charges eat up the spare cash that borrowers normally budget for paydowns, trouble is afoot. It is now.

Not very much reflection is needed to remind us that the less money costs to borrow, the more the borrower has left after paying interest to work the loan down and off the books of the lending institution. No reflection at all is needed to rub the realization into borrowers and lenders alike that the more money costs, the longer the borrower is likely to be burdened with it; and the more anxious the lender is certain to become about delays and risks in getting it paid back.

Even top-rated borrowers are finding it no fun straining to pay down loans costing them 12 per cent plus. The city banks are paying up to 14 per cent themselves to borrow the money their biggest and best customers still need from them in even larger quantities. Less well-rated borrowers, like consumers buying refrigerators on time, are paying all the way up to 23 per cent.

Average businesses fighting to stay above water are paying over 15 per cent, and closer to 20 per cent for all the money they can get.

In conservative communities which are normally comfortable for money — notably, Vice-President Ford's hometown of Grand Rapids, Mich. — solid private business are complaining that they would borrow even at these extortionate rates if only they could.

The trouble seems to be that, between the borrowers to whom the banks can never say no and those from whom that banks are not able to get a clear yes in response to their request for payment, the old money the banks have out is not coming back; and there's no end to the pressure on them to come up with new money to put out.

The proof of it is that the debt load borne by all the Americans — families as well as businesses and governments — has been rising with the cost of carrying it, instead of fallin rising with the cost of carrying it,

instead of falling as supposed by the business cycle test.

Standard business cycle theory offers solid reassurance to worried participants in the securities markets any time interest rates jump out of hand. The hope promised is a trade-off against the damage done. It's a fact of market life that higher interest rates put securities prices down. It's a principle of economic theory that the high cost of money will put the backs of the borrowers up and provoke them to bring their loans down. The money cycle theorists are as sure of a surge in interest rates forcing loan demand to fall, and interest rates with it, as everyone is of day following night.

It's all very simple and neat. The trouble is that it bears no relationship to the way things happen to be working in the world we are living in now. No doubt borrowers would be busily and happily responding to the prod of higher interest rates by paying down their loans if only they could. No doubt the banks and their business loan customers alike would be calling it quits on new borrowings — if only they could.

It's a case of necessity being the mother of improvidence. Debt is easier to get into than out of.

Under cover of all the soft talk and hard projections about getting America out of its inflationary blind, the real question of relief hinges upon the ability of all the borrowers to stop getting deeper into debt and to start working their way out of it. After all, debt is the specific virus that is the carrier of the financial cancer known as inflation.

There is no hope of even the faintest sign of progress until the government sets an example. It's still bucking hard in the wrong direction.

There are only three ways in which a burdensome debt load can be worked off. The best way is for the stronger borrowers to earn enough to pay their debts down, if not off. The worst way is for the weaker borrowers to go bad on their creditors. The most practical way is for the government to get a sure enough grab on money conditions to permit borrowers to stretch out their obligations and breathe easier while paying loans down.

The grim verdict that the securities markets are now rendering reflects the abandonment of any vestigial hope that the government may be about to cool the inflation off for enough time to give the borrowers the breather they need to stretch out their debts.

It's necessitous over-borrowing and over-paying at short term that's inviting the shorts to enjoy a field day in this dispirited and demoralizing securities market.

There's no way we can keep interest rates down, either. Not without allocation of credit, which is what we're going to get. You can get money today for wigs, but you can't get what you must have for what might be regarded as necessities. Utilities, for example, are paying ever-higher rates.

Meanwhile, inflation is obsoleting our present accounting. Depreciation accounting, for example, is becoming a fic-

See JANEWAY, page 18

## Letters

To the editor

It was indeed a pleasure to receive a personal letter from you after you received my trial subscriptions.

I was particularly attracted to the last two lines of your letter which asks for ideas and constructive comments.

For some time I have been dabbling in the stock market and have come across your paper in many a brokerage house. I did not realize until now that it has quite a lot of influence.

My broker called my attention to an item in the Chronicle of April 13, 1974 on General Energy Corp. I asked him to send me the copy since I have a substantial position in the stock.

As a constructive comment may I state that this item was incomplete and distorts the true picture of the company. The writer of the item should be aware that General Energy when it was CBK Agronomics in June 1971 was in dire financial straits. The company was seeking a means of survival after 6 years of solid losses, with a \$20 million taxloss carry forward. The stock was selling over the counter at 12½ cents bid, 37½ cents asked. Its high about 2 years before was 16%. The letter stock that is mentioned in your item was offered to certain investors at very low prices (it was much more than 32 cents) in order to get the cash so that the company would not go under.

These people who invested at that time for letter stock, and I regret that I did not have an opportunity to do so, deserve the vast profits that the item mentions because it was a gamble that is paying off.

General Energy is now a very profitable energy company. We are witnessing a turnaround that is very unusual on Wall Street these days. I am taking the liberty of enclosing the latest quarterly letter to shareholders. Culverwell & Co. of Springfield, Mass. in a nine page letter of recommendation dated April 15, 1974 estimates 1974 earnings of \$3.75 to \$4.25 fully taxed and fully diluted.

Furthermore the Buckhorn Hazard Coal proposed acquisition was terminated soon after your article appeared.

The point I am trying to make - one gets the impression from reading the article General Energy that insiders have taken on huge profits and are running out.

The truth of the matter is that since the Murchesons of Texas have bought about 24 per cent of the company stock General Energy is flourishing like never before.

Since the Chronicle is widely read by sophisticated readers I would like to see more items about more companies and they should be complete and accurate.

I am happy to have become a subscriber and await my first copy.

Albert B. Koslow  
New York, New York.

To the editor

In reference to your publication, I found your article on "Banks Pay Hardly Any Taxes" (May 27, 1974 edition) of significant interest, as I have come across no previous reports which have been this explicit in analyzing the proportionately low tax rate paid by many commercial banks.

George C. Briggs  
Houston, Texas.

# Bonds

## Optimistic feelings creep in as new issues show strength

By ROBERT B. PLANTE  
Special to The Chronicle

A feeling of optimism crept cautiously into the bond markets last week.

Perhaps it was occasioned by the first reduction in the prime lending rate by a commercial bank in several months, with the First National Bank of Chicago dropping its rate to 11.60 from 11.75 still above the 11½ per cent level posted by most of its competitors.

Or perhaps it was the falling of the Federal funds rate to 10½ per cent, and the subsequent move by the Federal Reserve Systems Account to sop up reserves through reverse repurchase agreements.

Or maybe it was the excellent reception accorded the week's primary new issues, and the tentative upticks that sounded through the secondary markets in all debt security sectors. Whatever the reasons, the markets responded to them, and out in the wilderness there were a few lonely voices crying that maybe the turn was at hand.

### Week starts quietly

The markets started the week in listless fashion. Monday and Tuesday were dead dull, with virtually no price changes and very little trading activity. On Wednesday, it all came to life, with corporates moving up by an average half-point throughout the list, and tax-exempt trading higher in price to cut out yields by ten basis points in the 20-year range. On Thursday the new mini-bullishness persisted, although intermediate issues in the U.S. government coupon sector drifted off at the close.

In the U.S. Agency market, the Federal Home Loan Banks sold three issues of bonds aggregating \$1.5 billion. An issue of \$400 million due February 1976 and an issue of \$500 million due May 1977 were couponed at 8.70 per cent, and a \$600 million issue due February 1979 was tagged as 8.65s. All were priced at par. The bonds sold out quickly and moved to small premium prices.

In the new-issue corporate market, the largest offering of the week was the \$250 million General Motors Acceptance Corp. debentures, marketed Tuesday through negotiation with Morgan Stanley group. The debentures, rated Aaa by Moody's and AA by Standard and Poor's, were tagged with an 8½ per cent coupon and priced at 99½ to yield 8.91 per cent at maturity in 1999. It was an out-the-window deal, with bonds moving to issue price bid following termination of the account.

Also on Tuesday, Bucyrus-Erie Com-

pany negotiated the sale to a Paine, Webber syndicate of \$50 million 9 per cent sinking fund debentures, due 1999. The account priced the A-rated issue at 99½ to yield 9.05 per cent, and it was a quick sell-out, moving to 99½ bid, offered at par.

Commonwealth Edison on Wednesday produced another attractive deal in its sale of \$125 million first mortgage bonds with a five year maturity. The issue was purchased by a Morgan Stanley group on a bid of 100.4299 as 9s and reoffered to yield 8.75 per cent. About 80 per cent of the bonds moved out on the day of issue.

On Thursday a banking syndicate led by Morgan Stanley negotiated the purchase of \$150 million International Harvester 30-year sinking fund debentures. The account priced the debentures as 9s and reoffered them at 99.20 to yield 9.08 per cent.

### Detroit Eds freed

The new Detroit Edison 9½s, which came to market on May 14 at 99¼ to yield 9.95 per cent, were released from syndicate last Tuesday and promptly plunged to 97½ bid, 97¾ asked, for a yield of 10.12 per cent.

In the secondary tax-free market, the new California bonds, which were tightly priced at issue from a 5.00 per cent basis to a 5.50 per cent yield in 20 years, were slashed in price last week to raise yields by as much as 20 basis points in the longer maturities. And the new Boston bonds were cut to increase yields by 15 basis points.

The biggest news in the tax-exempt market last week turned out to be no news at all. The Commonwealth of Pennsylvania opened sealed bids on Tuesday on \$167 million full faith and credit obligations, and decided to reject them all. The lowest net interest costs submitted for the bonds was 6.148 per cent by a merged account headed by First National City Bank and Drexel Burnham & Co.

### 25% coupon

The rejection was occasioned by a 25 per cent coupon that the syndicate had tacked onto the first ten maturities, totaling \$10 million. For the remainder of the loan, the account had designated as coupons 6¼s, 5¼s, and a discount 4¼ per cent on the last two maturities.

This was not the first time that a bond issue had been saddled with a whopping big coupon for part of its cost. In September, 1972, the State of Minnesota accepted a bid designating a 50 per cent coupon on the first four maturities. If the Pennsylvania issue

See BONDS, page 19

# The Markets

## Insiders are buying USI stock

Continued from page 4

"Chairman Yunich says this is a personal matter."

David Dworsky, a U.S.I. spokesman, suggested that the purchases may have been "an additional vote of confidence in the corporation" or that these insiders may have viewed the stock as a bargain at current prices. The stock is currently selling at \$7 a share, down from more than \$21 a share 18 months ago.

Dworsky's view is endorsed by analyst Rolland Williams of E.F. Hutton & Co., one of the few analysts that follow the company. "It's a good buy at these levels." He adds that USI has historically had a good earnings record, "even during the '70-'71 (economic) slowdown."

Williams thinks the outcome of the court battle will not affect the company's performance and suggests that there's a possibility that the stock could turnaround.

While he notes that USI is a broadly diversified company with a large number of small units that allow it to stand up to weakness in one or more segments, he adds that there are some weak spots. Williams expressed concern for USI's building material business, which like other building material suppliers will decline this year as the result of the slowdown in housing construction.

Meanwhile, on the legal front, a former USI executive Fred P. Tasner has charged I. John Billera, U.S.I.'s chairman, with engaging in personal business dealings particularly, a complex Puerto Rican land transaction, to make profits that should have gone to his stockholders.

USI, in turn, has filed a \$12.5 million fraud suit against the dissident former executive and two of his relatives. The suit charges that the Tasners — either together or singly — engaged in insurance fraud, made illegal gifts of stock to purchasing agents from some of the largest companies in the U.S. and illegally took money from

USI by inflating the profits of their own company. The Tasners dispute this.

Furthermore, the Securities and Exchange Commission has taken an interest in the case, according to SEC source. The agency staff is reportedly studying the USI's 8K disclosure statements to determine if any omissions or fraudulent statements were made.

Directors who recently purchased USI stock were among those who signed a letter of support for management to the dissident former executives in February.

The legal challenge was also a determining factor in Moody's decision to drop USI's commercial paper rating to "no rating" from P-2.

Moody's ratings for these short-term commercial I.O.U.'s range from P-1, the highest, to P-3.

USI says it regrets Moody's action, but adds, that it will have "little material effect on the company's operations." The spokesman noted, has more than adequate lines of bank credit to satisfy its needs and to cover the approximately \$34 million in commercial paper outstanding.

Moody's says it took the action after a "series of discussions with USI's management. Among the reasons cited by the rating service:

— Financial trouble at USI Credit Corp., a subsidiary that was paid \$5.7 million by USI as part of an income maintenance agreement, which has affected the parent company's earnings in 1973 and the first quarter of 1974.

— The resignation of USI's president, Arthur S. Nicholas in February 1973 and then the resignation last November of Charles E. Seleckman, the former chief executive who took over the additional post of president. A search to fill these posts has been without success and Billera has assumed these additional titles.

— The dramatic slump in the price of USI's common stock.

# Stocks

## Investors are encouraged

With the 11¼ per cent prime rate expected to be industry-wide this week, an incredible number of investors are becoming convinced that the market made a significant low two weeks ago and is now on the upside.

However, last week's 50-point rise in the Dow Jones Industrial Average followed a 50 point slump in the blue-chip indicator during the prior week. Thus, market observers expect some profit taking and consolidation during the next few sessions.

But observers were encouraged by the pick up in turnover and suggested that investor psychology may be improving.

Hopes that the prime rate — the rate banks charge large corporate borrowers — would be reduced soon had been the main driving force behind last week's rally. Investors had also been anticipating a slackening in bank loan demand, which could be interpreted that demand for money has peaked and that interest rates have crested.

After the market's close on Thursday, a part of investors' hopes were realized, when the Federal Reserve Bank of New York reported that business loans by major New York banks declined \$209 million for the week ended June 5.

High business loan demand and tight Federal Reserve monetary policy have led to the recent upward spiral in rates. However, analysts also note that loan figures have alternated between gains and declines for several weeks.

Nonetheless, investors' other hopes were realized Friday morning, when First National City Bank announced it was cutting its floating prime rate by one quarter of a percentage point to 11¼.

Newton Zinder of E. F. Hutton & Co. says the Citibank announcement was anticlimactic and would've been more significant if no action was taken. However, he is convinced that the market made an important low two weeks ago

See STOCKS, page 18

## Issues offered this week

Corporates—							
Issues	Amount (000,000)	Coupon (percent)	Mat.	Offering Date	Price	Moody's Ratings	Yield (percent)
GMAC	250	8%	1999	6-4	99%	Aaa	8.91
Bucyrus	50	9	1999	6-4	99½	A	9.05
Mich Wise Pl	50	9%	1994	6-3	99%	A	9.67
CWEd	125	9	1999	6-5	101	Aaa	8.75
Int'l Harv	150	9	2004	6-4	99.20	A	9.08
Cent Ill. Lt.	25	9%	2004	6-4	100.244	Aa	9.60
Quebec Hydro	55	9%	1996	6-5	98½	A	10.04

Federal Agencies—							
Issues	Amount (000,000)	Coupon (percent)	Mat.	Offering Date	Price	Moody's Ratings	Yield (percent)
FHLB	400	8.70	2-76	6-4	100	AAA	8.70
FHLB	500	8.70	5-77	6-4	100	AAA	8.70
FHLB	600	8.65	2-79	6-4	100	AAA	8.65

Municipals—							
Issues	Amount (000,000)	Mat. Range	Offering Date	Moody's Ratings	N.I.C.	Ref's Scale	
Conn HFA	54.7	1974-2003	6-4	Aa	6.779	5.40-6.84	
Ohio	50	1974-90	6-5	Aaa	5.501	5.20-60	



In Washington

## SEC hears support for fixed rates

By John Nash

In hearings before the Securities and Exchange Commission on Intra-member Rate Schedules this past week, the American Stock Exchange and the Securities Industry Association joined with the New York Stock Exchange in voicing opposition to the abolishment of fixed floor brokerage fees.

Paul Kolton, chairman of the American Stock Exchange, told the Commission that a decision to eliminate fixed floor brokerage fees would damage the securities industry. In opposing the change, the Amex parroted much of the New York Stock Exchange's testimony of the previous week.

Spokesmen for both Exchanges and the SIA were most vocal in their belief that fixed brokerage rates, which have a small impact on commissions the public pays are important because they help specialists take risks in the stocks they make markets in.

Testifying for the SIA was I. W. Burnham, chairman of the SIA's Committee on Commissions and Rate Structure, and chairman of the board and chief executive officer of Drexel Burnham & Co., Inc. Mr. Burnham told the Commission the SIA was concerned with two principal aspects of the Commission's inquiry.

First, whether it would be necessary or appropriate in the public interest or for the protection of investors for exchanges to retain a system of fixed minimum floor brokerage rates beyond such a time as public rate may become fully competitive.

And, secondly, whether during the period of experimentation with competitive public rates on orders not exceeding \$2,000 in value, a useful purpose would be served by extending the experiment to include intra-member rates.

Burnham stated it was not his intention to answer categorically each of the fourteen questions and the many sub-questions posed in the SEC release announcing the hearings.

The Commission was told that the SIA in February of this year adopted a revised statement of policy position on the subject of competitive versus fixed non-member commission rates to reflect the SIA's expanded view of the matter. Burnham said that with regard to price structure, "the SIA continues to believe that the experiment in competitive rates on institutionalized orders has both reduced market liquidity and increased price volatility. Moreover, it has shifted a disproportionate share from institutions to individuals and has had an adverse effect on the strength and size of the broker-dealer community. For these reasons SIA continues to believe that a modernized system of across-the-board minimum rates is in the best interest of the securities industry and, more importantly, of the individual, institutional, governmental and corporate clients it serves."

He also implied that the Association was mindful of the positions in favor of completely competitive rates that have been taken by the SEC and by the Subcommittees responsible for securities matters in both houses of Congress.

Burnham voiced that the SIA supports the proposed further experimentation in competitive rates.

With regard to intra-member industry rates he said, "The SIA also believes that a

system of reasonable minimum floor brokerage rates is necessary to assure the preservation of an auction market system fully responsive to the needs of all investors, individuals and institutions alike, by providing needed incentives to specialists and floor commission brokers to perform their essential functions in a consistent manner in periods of high as well as low market volume—or operating profitability."

In what could be considered a somewhat contradictory remark, Burnham told the Commission that the SIA does not contend that the over-all quality of specialists' dealer performance is such that no changes are needed in the standards used to evaluate performance or in the present system of stock allocation.

When questioned on this statement later, Burnham declined to elaborate. He said he believed that the performance of the specialist was a matter between brokerage houses and the stock exchanges, and it was not a subject for public debate.

"In a bad market," he said, "specialists do get faulted but sometimes there are mitigating circumstances. We do want to watch their performance, and if they don't do a good job, change their stock allocations."

With regard to clearing rates, Burnham told the Commission that the SIA has no stated position. This issue, he said, seems somewhat academic as it is our understanding that clearance rates are, in effect, negotiated at present levels well above those prescribed by the exchanges as a minimum.

Most of the questioning on behalf of the Commission was done by the very cryptic Sheldon Rappaport, director of the SEC's Enforcement Division. Rappaport pursued the question—did the SIA poll its members to ascertain their views? Does the Committee have written correspondence from its members on intra-industry commission rates? Would the SIA make such information available to the Commission?

This course of questioning appeared to startle the SIA committee members, who were vague in their answers. Burnham stated that he had no written documents, that the subject had been discussed at length with committee members, and members of both exchanges. He said, "The subject was brought before those SIA members who attended the recent spring meeting of the Association."

Appearing before the Commission with Burnham were William J. Lawlor, III, senior vice president of Hornblower & Weeks-Hemphill Noyes Inc.; Robert W. Fischer, chief executive officers of Dain, Kalman & Quail, Inc. of Minneapolis; Howard M. Brenner, senior vice president of Drexel Burnham & Co, Inc.; and Richard O. Scribner, SIA's vice president and general counsel.

### Insider Trading--

### Markets Page

# Market Letters Digest

McLeod, Young, Weir & Co.'s Monthly Market Review considers the prospects for the Canadian economy during late 1974 and into 1975. The letter anticipates developments in the consumer, housing and export sectors to combine to slow real economic growth from the 5 to 5 1/2 per cent range expected this year to 4 to 5 cent in 1975.

In this environment, the major department stores will likely experience slower sales growth and considerable pressure on profits this year with some improvement in margins and profits likely in 1975.

Food merchandisers are likely to outperform the Toronto Stock Exchange Merchandising Index this year. Strong basic demand should continue and the restructuring of food chains, underway for several years, has been effective in protecting margins.

Full recovery in the merchandising sector is likely to be delayed by the weakness currently developing in the housing sector; this could well persist through the middle of 1975. Appliance and furniture sales are likely to fall off and may not recover significantly until the second half of next year.

The sharpest and quickest profit recovery could well be experienced by the trust companies. The letter expects short-term interest rates to be declining by fall, and the resultant widening of yield spread should be more than enough to offset large wage increases.

The letter advises using the months ahead to acquire positions in the trust companies and consumer-related industries such as brewing, food processing, and merchandising (excluding those companies dependent on home furnishings).

Babson's Investment & Barometer Letter says that signs of easing in commercial loan demand and the reluctance of some major banks to further hike their prime lending rate, may be harbingers of the peak in short-term interest rates for this cycle and good news for finance companies.

However, consumers have curbed their buying of durable goods, such as recreational vehicles, motor boats and air conditioners, much of which is normally effected through installment financing. There is also the specter of legislation, either at federal or state levels, which can jeopardize present operational procedures of the small loan companies.

The major finance companies have been diversifying into other fields, such as banking, insurance, merchandising, and equipment leasing.

In most instances, shares of finance firms are languishing at varying degrees of depression, with the exception of Aristar, C.I.T. Financial and Walter E. Heller International, three firms which recorded higher earnings in 1973.

Freehling & Co. recommends the purchase of certain utilities stocks if the following are the specific objectives of an investor: (1) secure income; (2) short-term growth plus above average income; and (3) utility portfolio upgrading.

Investors should consider the price declines in this sector as an opportunity to enhance their utility holdings. The letter recommends three companies which could satisfy each investment objective: Commonwealth Edison, Northern Indiana Public Service Co., and Wisconsin Public Service.

The selection was based on the following positive characteristics: a constructive

regulatory environment; a high yield; a low price-earnings ratio; a secure dividend; and an above average return on equity.

Now is the time for convertibles, says Manknown Kisor in Paine, Webber, Jackson & Curtis Inc.'s View from 140. In bull markets, convertibles typically rise in price along with the underlying common and, in bear markets, they generally are protected from severe declines by their bond characteristics.

With the current decline in the stock market, premiums over conversion on these securities have shrunk substantially—in some cases, to little more than the price of a six-month call on the stock.

Moreover, many issues are selling for little more than their value as straight debt instruments, and, with the rise in interest rates, their yields are historically high.

The following are convertible bonds which Paine Webber considers attractive for good current yield and above average rebound potential: Becton Dickinson 4 1/8s '88, Burlington Northern 5 1/4s '92, Central Tel. & Util. 4 3/8s '87, Continental Tel. 5 1/4s '86, Ford Motor Credit 4 1/2s '96, General Tel. & Elec. 6 1/4s '96, Grace (W.R.) 6 1/2s '96, and Tenneco 6 1/4s '92.

Of these issues, the Central Telephone, Continental Telephone and General Telephone debentures are selling closest to their values as straight debt instruments' and so, assuming interest rates do not trend higher, carry the least risk.

The Becton Dickinson bonds carry the greatest premium over their so-called "investment value," but the differential between their yield and the income available from the common makes them an attractive way to participate in the future of a major factor in the hospital supply business.

Roney & Co.'s Basic Analysis examines bond funds, or fixed income bonds. These are designed for individuals who want as their foremost consideration, safety of principal and above average income.

The big advantage of a bond fund is that it allows the small investor to invest in the bond market and enjoy yields not normally attainable in bank accounts and government bonds.

The letter particularly recommends purchase of MassMutual Income Investors Inc., Montgomery Street Income Securities, Inc., and USLIFE Income Fund, Inc. As a package, these three funds yield 9.58 per cent on average.

MassMutual invests at least 75 per cent of its assets in high quality, debt securities, with the balance in bonds, possibly of lower quality, and stocks. Current yield on the fund is 9.39 per cent.

Montgomery Street, with 70.3 per cent of its assets in bonds, is expected to declare dividends of \$1.86 per share this year. Last year the fund declared dividends of \$1.17 per share.

USLIFE carries a current yield of 10.25 per cent; at year end, marketable corporate bonds accounted for 71.6 per cent of the fund's portfolio while convertible bonds accounted for 22.0 per cent.

Bristol-Myers markets a number of household and health care products that insulate sales from any adverse effects of the current spending slowdown. Management has set a long term goal of annual profit gains of 10 per cent or better, and 1974 earnings are likely to reach at least \$3.45.

# Insider Trading

**Accelerators Inc.** 27,600 common at \$2.00 - private sale on May 1, 1974. Norman A. Bostrom, consultant.

**Air Products & Chemicals Inc.** 400 at \$51.75 - open market sale on April 5, 1974 and 2 at \$52.50 - open market sale on April 18, 1974. Mark H. Halsted, vice president.

**Airwick Industries Inc.** 1,500 common at \$6 - open market sale on April 22, 1974. Robert Haywood, vice president.

**Alaska Airlines Inc.** 1,300 common at \$5.00 - open market sale on April 30, 1974. Lloyd A. Burgess, director.

**Allegheny Power System Inc.** 300 common at \$16.75 open market purchase on May 15, 1974. Edward H. Walworth Jr., director.

**Amcord Inc.** 1,000 common at \$4.50 - open market purchase on May 17, 1974. Bernard A. Schriever, director. 600 common at \$4.375 - open market purchased on February 4, 1974; and 75 common at \$4.375 - open market purchase on February 11, 1974. Bernard A. Schriever, director.

**American Can Co.** 100 common at \$290.125 - stock purchase plan, transaction on April 26, 1974. Judd H. Alexander, senior vice president.

**American Television & Communications Corp.** 5,000 common at \$11.375 - open market sale, rule 144 on April 18, 1974. Narragansett Capital Corp., affiliate.

**Amtel Inc.** 4,500 common at from \$10½ to \$11½ open market sales between March 11, 1974 and March 21, 1974, in five separate transactions one of 500 and four of 1,000 shares. George H. Mettler, director.

**Anaconda Co.** 100 common at \$25.00 - open market purchase on April 26, 1974. Robert V. Roosa, director.

**Anta Corp.** 400 common at \$3.75 - open market purchase on March 22, 1974. Robert E. Martin, vice president.

**Arizona Public Service Co.** 300 common at from \$14½ and \$15½ - open market purchases between April 26, 1974 and May 17, 1974 in five separate transactions, four of 50 and one of 100 shares. Ben F. Williams Jr., director.

**Artco-Bell Corp.** 1,000 common at \$2.88 - open market purchase on May 15, 1974. Bonner B. Hardegree, assistant to the presidents.

**Avon Products Inc.** 1,000 capital stock at \$43.50 open market sale on April 25, 1974. A. Arnold-Zimmerman, vice president and general counsel.

**AVX Corp.** 7,500 common at from \$14.00 to \$17.33 purchase between April 1, 1974 and April 26, 1974, in 26 transactions of between 100 and 1,000 shares. Harry Adler, beneficial owner.

**Baird-Atomic Inc.** 1,000 common at \$3½ - open market purchases on March 1, 1974 and March 11, 1974, in two separate transactions of 500 shares each. John M. Dempsey Jr., director, president and chief executive officer.

**Becton, Dickenson & Co.** 100 common at \$37.25 - open market sale on April 4, 1974. C. Albert Rollenhagen, director.

**Bemis Co. Inc.** 500 common: - 400 at \$15½ and 100 at \$15½ - open market purchases on May 14, 1974. John N. Dempsey, vice president and director.

**Beneficial Standard Corp.** 800 common - A at \$5½ open market purchase on May 10, 1974; and 3,700 common - B at \$5½ open market purchase on May 10, 1974. Alfred L. Golden, director.

**Beneficial Standard Mortgage Investors** 200 common: 100 at \$16¾ and 100 at \$168¼ - open market purchases on April 11, 1974. Winthrop T. Hovey, president and trustee.

**Blessing Corp.** 1,200 common at from \$4.875 to \$5.000 - open market purchases between April 18, 1974 and April 30, 1974, in seven separate transactions of between 100 and 400 shares. C. Dickie Williamson, director. J. Donovan Williamson, director - reported a similar transactions to the above.

**Blies & Laughlin Industries** 100 common at \$14.00 open market purchase on April 30, 1974. T.P. Crigler, vice president.

**Boyertown Burial Casket Co.** 100 common at \$14.00 open market purchase on April 1, 1974. John J. Dau, director.

**Briggs & Stratton Corp.** 50 capital stock at \$37¾ - open market purchase on May 13, 1974. Edward A. Boyd, vice president of manufacturing development.

**Brown-Forman Distillers Corp.** 1,000 class B (nonvoting) common at \$12.25 - open market purchases on May 21, 1974, in two separate transactions of 500 shares each. Joseph L. Zerga, assistant vice president and assistant treasurer.

**Bryn Mawr Camp Resorts Inc.** 1,000 common at \$2.125 - open market purchase on April 9, 1974. Merritt H. Taylor Jr., chairman and executive officer.

**Bunker Ramo Corp.** 500 common capital stock at \$6¾ - open market purchase on May 16, 1974; and 500 common capital stock at 6½ - open market purchase on May 17, 1974. Robert R. Gilruth, director.

2,000 \$1.50 cumulative convertible preferred at from \$15¼ to \$16.00 - open market purchases on May 15, 1974 and May 16, 1974, in six separate transactions of between 100 and 400 shares. George S. Trimble, director and officer.

**Campbell Chibougamau Mines Ltd.** 2,000 common: 1,000 at \$6½ and 1,000 at \$6 1-16 - open market purchases on May 15, 1974. Frank H. Blair, director.

**Celanese Corp.** 300 common at \$32.25 - purchase on April 15, 1974. Berkeley D. Johnson, director.

April 300 common at \$32.25 - purchase on 15, 1974. Berkeley D. Johnson, director.

**Central Illinois Public Service Co.** 800 common at \$11-½ - open market purchase on May 17, 1974. William S. Black, director.

200 common at \$11.75 - open market purchase on May 16, 1974. Carl F. Wall, vice president.

**Central Louisiana Electric Co. Inc.** 200 common at \$14½ - open market purchases on May 4, 1974 and May 14, 1974, in two separate transactions of 100 shares each.

Walter F. Brown (no relationship to company given).

**Charvoz-Carsen Corp.** 200 common at \$6.00 - private purchase on February 8, 1974. Emile N. Bernard, president, treasurer, director and 10 per cent stockholder.

**Chromalloy American Corp.** 400 common at \$10½ open market purchase on April 26, 1974. Joseph Friedman, chairman of the board and chief executive officer.

**Cincinnati Gas & Electric Co.** 100 common at \$20.00 - open market purchase on April 11, 1974. Neil A. Armstrong, director.

**Coca-Cola Co.** 23 common at \$107.625 - purchase pursuant to restricted stock agreement on April 7, 1974; and 900 common at \$107.50 - purchase pursuant to restricted stock agreement on April 8, 1974. John P. Austin, chairman of the board of directors and chief executive officer.

2,000 common at \$105.00 - sale on May 1, 1974; and 1,000 common at \$197.00 - sale on May 9, 1974. Fred W. Dickson, senior vice president.

## Chronicle expands insider report

The Chronicle, in response to reader interest, has expanded its insider trading report tenfold, thus establishing it as the publication of record for insider securities transactions.

Insider trading reports are received daily by the Chronicle's Washington bureau and are printed weekly in alphabetical order in the Chronicle's Markets Section. These reports are published weeks ahead of any other source.

The report includes all transactions of 10,000 shares or more plus many transactions involving smaller quantities.

**Cogar Corp.** 11,000 common at \$0.75 - private purchase on April 22, 1974. Theodore L. Tolles, vice president and secretary.

**Cole National Corp.** 100 common at \$13.00 - open market purchase on April 17, 1974. David F. Leahy, director.

**Commonwealth Theatres Inc.** 1,755 common at from \$3.75 to \$3.875 - open market purchases between April 9, 1974 and April 11, 1974, in four separate transactions of between 100 and 1,000 shares. Elmer C. Rhoden, chairman of the board and beneficial owner of more than 10 per cent of company's common stock.

**Computervision Corp.** 1,000 common at \$15.00 - rule 144 sale on April 22, 1974. Martin A. Allen, president and director.

**Computer Products Inc.** 1,000 common at \$1.75 - sale on April 17, 1974. David C. Yoder, president and director.

**Conifer Group Inc.** 133 common at \$22.00 - open market purchase on March 27, 1974. Earl H. Mason, director and treasurer.

**Control Data Corp.** 50 common at \$33.00 - open market purchase on April 3, 1974. Richard G. Lareau, director.

200 common at \$38¼ - sold on March 19, 1974. LeBaron S. Willard Jr. (no relationship to company given).

**Cordis Corp.** 2,000 common: - 300 at \$54.00 and 1,700 at \$53.00 - open market sales on May 10, 1974. William P. Murphy Jr., president and director.

**Cornelius Co.** 1,000 common at \$5.25 - open market purchase on April 29, 1974. Carl F. Roepke, director.

**Crouse-Hinds Co.** 200 common at \$18½ - open market purchase on April 23, 1974. John G. Haehl, director.

**Dayton Hudson Corp.** 2,500 common at \$10.00 - open market sales between May 2, 1974 and May 10, 1974, in five separate transactions of between 200 and 1,000 shares. Douglas J. Dayton, director.

**Dayton Malleable Inc.** 100 common at \$21.75 - open market purchase on May 8, 1974. Robert A. Stiers, secretary and treasurer.

**Delta Air Lines Inc.** 200 common at \$52½ - open market sale on April 23, 1974. Carleton Putnam, director.

**Dictaphone Corp.** 45,000 common at \$9.50 - private sale on April 23, 1974. Norman E. Alexander, director.

**Donaldson Co. Inc.** 100 common at \$23.38 - open market sale on April 8, 1974. Robert J. Lunn, vice president - research and development.

**Downey Savings & Loan Association** 1,000 guarantee stock at from \$7.375 to \$7.50 - open market purchases between April 18, 1974 and April 24, 1974, in four separate transactions of between 100 and 600 shares. Gerald H. McQuarrie, director, executive vice president, secretary and 10 per cent stockholder.

**Duplan Corp.** 700 common at \$3½ - open market sale on April 22, 1974. T. Nash Broadus, director.

**Dura-Plex Industries Inc.** 1,050 common at \$3.00 sale on March 26, 1974; and 2,275 common: - 300 at \$3.00 and 1,975 at \$4.00 - sales on April 30, 1974. John H. Kohrt, director and vice president.

**Eastmet Corp.** 500 common at \$24½ - open market purchase on May 20, 1974; and 500 common at \$24¾ - open market purchase on May 22, 1974. Donald F. Lake, director.

**El Paso Electric Co.** 2,000 common at \$9½ - open market purchase on May 20, 1974. George G. Matkin, director.

**Emerson Electric Co.** 200 common at \$40.375 - sale on May 23, 1974. John C. Wilson, vice president of finance and director.

**Environmental Research Corp.** 2,000 common at \$3.00 open market sale on April 25, 1974. La Verne W. Rees, director and president.

**Equipment Co. of America** 2,500 common at \$13-16 - private purchase on April 11, 1974; and 4,000 common at \$1½ - open market purchase on April 18, 1974. Robert Russell, director.

**Exchange Bancorporation Inc.** 782 common at \$11.25 - open market purchase on April 22, 1974; and 500 common at \$10.75 open market purchase on May 1, 1974. William C. MacInnes, director, president and chairman of the board.

**Florida Mining & Materials Corp.** 100 common at \$11½ - open market purchase on May 22, 1974. Fred W. Cohrs, vice president - cement.

**Flowers Industries Inc.** 1,000 class A common: - 900 at \$11.75 and 100 at \$11.50 - open market purchases on March 20, 1974. William H. Flowers, chairman of the board.

**First Pennsylvania Corp.** 300 common at \$28.50 open market purchase on May 14, 1974. Henry G. Parks Jr., director.

See INSIDER TRADING, page 21

# 144 Letter Stock

Summarized below are significant notices of sales of restricted securities (also known as letter stock) recently filed with the Securities and Exchange Commission. Such notices are filed on SEC Form 144.

Restricted securities are issued directly by a company to so-called "sophisticated securities investors," who do not require information usually disclosed in a stock registration statement. These securities are usually sold at a discount and must be held for a certain period of time, usually two years.

Upon the filing of Form 144, these securities, when resold to the public are no longer restricted. They are then included in the number of publicly-held outstanding shares.

Securities firms that handle these transactions almost always act as brokers, receiving their customary and traditional commissions.

**American Quasar Petroleum Co.** 11,500 common at \$138,000 - sale on May 24, 1974 through Midland Doherty Ltd. - acquired in July 1969 from the company. Arthur R. Klimchuk.

**American Recreation Group Inc.** 11,181 common at \$34,941 - sale on May 21, 1974 through Calcap Securities Corp - acquired in November 1969 from the company. New American Fund Inc.

**Ashland Oil Inc.** 10,000 common at \$200,000 - sale on May 20, 1974 through Paine, Webber, Jackson & Curtis Inc. - acquired in September 1970 from the company. Godfrey J. Erickson.

**Baxter Laboratories Inc.** 6,000 common at \$240,000 - sale on May 13, 1974 through Loewi & Co. - acquired in June 1959 from the company. Edward J. Sawoj, senior vice president - manufacturing.

**Burnup & Sims** 80,000 common at \$1,360,000 - sale on May 13, through E. F. Hutton & Co. Inc. - acquired in November 1969 from the company. Robert Gaudio, director.

**Cavanagh Communities Corp.** 17,555 common at \$30,668 - sale on May 24, 1974 through Bache & Co. Inc. - acquired in May 1969 from the company. Joseph Klein, chairman.

**Connecticut General Insurance Corp.** 6,000 common at \$250,500 - sale on May 23, 1974 through Shields & Co. Inc. - acquired from Thomas W. Russel and Dorothy M. Russell (parents) as gift or devise (held by previous owners for more than ten years). Thomas W. Russell Jr., director.

**Consolidated Foods Corp.** 10,000 common at \$195,000 - sale on May 21, 1974 through Goldman, Sachs & Co. - acquired in August 1967 from the company. Arthur W. Schmidt Jr., director.

**Donbar Development Corp.** 15,000 common at \$50,000 - sale on January 4, 1974 through Merrill Lynch, Pierce, Fenner & Smith Inc. - acquired in December 1968 from International Consulting & Trading Co. Tannous K. Doumet.

**Electronic Arrays Inc.** 6,200 common at \$37,200 - sale on May 23, 1974 through Advest Co. - acquired in October 1971 from the company. Pennington Investment Co. (a partnership).

**General Automation Inc.** 10,400 common at \$387,400 - sale as soon as practicable after March 20, 1974 through Bateman Eichler, Hill Richards Inc. - acquired in March 1971 from the company. Allstate Insurance Co.

**Genuine Parts Co.** 3,000 common at \$90,000 - sale on May 21, 1974 through Drexel Burnham & Co. - acquired in December 1968 from the company. Early Dolive, vice chairman and director.

**Great Scott Super Markets Inc.** 3,100 common at \$35,000 - sale on May 23, 1974 through E. F. Hutton & Co. Inc. - acquired in 1971 from the company. David Anbender, director and secretary.

**Gulf Oil Corp.** 22,633 capital stock at \$452,660 - sale on or after May 22, 1974 through The First Boston Corp. - acquired between July 1957 and July 1962 from trust established by deed of trust of Sarah Mellon Scaife. Richard Mellon Scaife.

**Intel Corp.** 2,000 common at \$165,000 - sale on May 21 1974 through Herzfeld & Stern - acquired in July 1968 from the company. Arthur Rock, chairman.

**International Trailsea Corp.** 20,000 common at \$30,000 - sale on May 7, 1974 through Wood Struthers & Winthrop - acquired in October 1969 from the company. Anderson, McCrane & Reed.

**International Minerals & Chemicals Corp.** 1,521 common at \$51,714 sale on May 28, 1974 through Merrill Lynch, Pierce, Fenner & Smith Inc. acquired in January 1974 on conversion of convertible preferred (acquired in 1968). William P. Lord. 8,540 common at \$305,305 - sale on May 24, 1974 through James I. Black & Co. - acquired in May 1974 on conversion of convertible preferred (acquired 1968 from the company). Carmen Wellman.

**Louisiana Pacific Corp.** 25,000 common at \$487,500 - sale on May 16, 1974 through Blythe Eastman Dillon & Co. Inc. - acquired on January 5, 1973 from the company. Ralph C. Rounds, director.

**Marriott Corp.** 1,800 common at \$33,975 - sale on May 21, 1974 through Folger, Nolan, Fleming & Douglas - acquired in 1953 (approximately) from the company. Russell S. Marriott, retired district manager.

**Mary Kay Cosmetics Inc.** 4,800 common at \$100,800 - sale on May 20, 1974 through Narris, Upham & Co. Inc. - acquired in July 1968 and November 1971 as gifts from Mary Kay Ash. Melville J. Ash. 5,000 common at \$105,000 - sale on May 20, 1974 through Jefferies & Co. acquired in 1964 from the company. J. Ben Rogers Jr., Vice president and director.

**Measurex Corp.** 7,500 common at \$135,000 - sale on May 25, 1974 through Goldman, Sachs & Co. - acquired in February 1968 and July 1968 from the company. Medland Capital Corp.

**Mediscience Technology Corp.** 5,000 common at \$30,000 - sale on February 21, 1974 through Donald Schneider, Thomson & McKinnon Auchincloss Kohlmeyer - acquired on February 21, 1974 from the company. David N. Hurwitz.

**Milton Roy Co.** 2,000 common at \$67,500 - sale on May 24, 1974 through Loewi & Co. Inc. - acquired in December 1971 from the company. Harry J. Muchlbach.

**Riviana Foods Inc.** 10,000 common at \$230,000 - sale on May 20, 1974 through Goldman, Sachs & Co. - acquired in January 1965 from the company. Lastarmco Inc.

**Pan Ocean Oil Corp.** 5,000 common at \$46,250 - sale on May 24, 1974 through J. Bush & Co. Inc. - acquired in 1969 from the company. William W. Peabody.

**Pizza Hut Inc.** 2,700 common at \$59,400 - sale on May 21, 1974 through Blyth Eastman Dillon & Co. Inc. - acquired in April 1974 from the company. Richard J. Meads.

**Reynolds & Reynolds Co.** 5,000 class A common at \$127,500 - sale on May 24, 1974 through C. C. McCune & Co. - acquired in January 1944 from a Trust (Richard N. Grant, trustee) Richard H. Grant Jr., chairman.

**Riviana Foods Inc.** 10,000 common at \$230,000 - sale on May 20, 1974 through Goldman, Sachs & Co., - acquired in January 1965 from the company. Lastarmco Inc.

**Ryan Homes Inc.** 20,000 common at \$245,000 - sale from May 21, 1974 to June 30, 1974 through Jefferies & Co. Inc. - acquired in December 1965 from the company. David A. Younkman, officer.

**SCA Services Inc.** 5,000 common at \$40,000 - sale on June 3, 1974 through E. F. Nutton & Co. - acquired in July 1972 from the company. Lawrence G. Ten Brink and M. Ruth Ten Brink. Sam Rosenberg 16,700 common at \$108,550 - sale on May 10, 1974 through Almstedt Brothers Inc. - acquired in October 1973 as a result of company merger.

**Storage Technology Corp.** 10,000 common at \$123,750 - sale on May 23, 1974 through C. E. Unterberg Towbin Co. - acquired in September 1970 from the company. William S. Paley & Co.

**Super Valu Stores Inc.** 8,300 common at \$157,000 - sale on May 28, 1974 through Merrill Lynch, Pierce Fenner & Smith Inc. - acquired in January 1972 from the company. Melvin Furstman.

**Sybron Corp.** 4,000 common at \$92,000 - sale on May 22, 1974 through Dean Witter & Co. Inc. - acquired in January 1972 from the company. Cecil E. Fletcher. 20,015 common at \$430,323 - sale between May and August 1974 through Hornblower & Weeks-Hemphill, Noyes Inc. - acquired in 1968 from the company. Sidney M. Weinstein. 3,000 common at \$69,000 - sale between May and August 1974 through Hornblower & Weeks-Hemphill, Noyes Inc. - acquired on April 2, 1974 as a gift from Sidney M. Weinstein. Ethel Weinstein and Martin S. Fox, trustees for Daniel Weinstein. 3,000 common at \$69.00 - sale between May and August 1974 through Hornblower & Weeks-Hemphill, Noyes Inc. - acquired on April 2, 1974 as a gift from Sidney M. Weinstein. Ethel Weinstein and Martin S. Fox, trustee for Michael Weinstein.

**Texas Instruments Inc.** 5,000 common at \$540,000 - sale on May 20, 1974 through Merrill Lynch, Pierce Fenner & Smith Inc. - acquired in 1956 from the company. P. E. Haggerty, chairman.

**Times-Mirror Co.** 27,878 common at \$469,838.25 - sale on May 28, 1974 through Purcell, Graham & Co. - acquired in September 1973 from John E. Harrington Jr. for distribution to his estate. U.S. Trust Co., executor and trustee for the estate of John E. Harrington Jr.

**Unitrode Corp.** 13,575 common - 8,450 at \$80,000 and 5,125 at \$42,000 - sales on April 22, 1974 and May 21, 1974, respectively through Young, Smith & Peacock Inc. - acquired in September 1971 from the company. National Components Industries.

**U.S. Home Corp.** 6,195 common at \$37,170 - sale on May 6, 1974 through Raymond, James & Associates Inc. - acquired in February 1971 from the company. U.S. Home Corp.

**Willamette Industries** 2,206 common at \$40,800 - sale on May 23, 1974 through Dean Witter & Co. Inc. - acquired in April 1974 as dividend from Western Sales Co. (acquired by them in 1972). Ira C. Keller, former director.

## NYSE names policy group

The New York Stock Exchange has established a special advisory committee to study the problems raised by sharply increased institutional activity in the securities markets.

The committee will help develop policy recommendations aimed at improving the ability of those markets to serve individual and institutional investors.

"Vastly increased activity by institutional investors over the past decade," James J. Needham, the Exchange's chairman, said, "has been accompanied by a significant fall-off in participation by individual investors. These significant changes in the patterns of trading on the New York Stock Exchange, and in other markets, have posed major new challenges to the equity market mechanism and to U.S. capital generally."

Needham said the essential purpose of the new advisory committee was "to examine the interaction of individual and institutional trading with a view to providing an investment environment that will be congenial and hospitable to all investors, large and small, and to strengthen the efficiency of the Exchange markets in ways that will improve their ability to serve individual and institutional investors with comparable and maximum effectiveness."

The committee, called the Institutional

Advisory Committee on Trading, is composed of 12 representatives from U.S. investing institutions.

Members of the committee are:

William Devin, manager of securities transactions for funds of Fidelity Management and Research Co., Boston; Joseph S. DeMartino, vice president of Dreyfus Sales Corp., New York; James C. French, vice president of Wellington Management Co., Valley Forge, Pa.; Robert Y. Garret 3rd, vice president of Morgan Guaranty Trust Co. of New York; Austin H. George, manager of T. Rowe Price Associates, Baltimore; Aime E. Girard, assistant secretary of Connecticut General Life Insurance Co., Hartford, Conn.; Allen T. Granfield, vice president of Northern Trust Bank, Chicago; Paul L. Hennessey, senior vice president of The Boston Co., Inc., Boston; John P. Jensen, vice president - markets of Massachusetts Financial Services, Boston; Robert Z. Lynn, vice president of Fidelity Bank, Philadelphia; Daniel McMeekan, vice president of Capital Research and Management Co., Los Angeles; and John J. Morton, vice president of First National Bank of Boston.

Dr. William C. Freund, Vice President and Chief Economist of the Exchange, will serve as committee secretary.

# Financial News Digest

IN MINUTES — What other financial publications are covering that you should know.

## What the Digest is . . .

The Financial News Digest is a weekly feature edited by J. Robert Sherman.

Each week important articles in business and finance appearing in other selected publications are condensed for you.

All publicly-traded companies' names appear in bold. The name of the publication and the number of the page on which the story appears follows each condensed story.

The Financial News Digest condenses:

### Week . . .

Barron's  
Business Week  
The Economist  
The Financial Post  
Newsweek  
Time  
U.S. News & World Report

### Monthly:

Fortune  
Institutional Investor

### Bi-monthly:

Forbes

### Every two months:

Harvard Business Review

## Digest briefs

### Business Week

#### Company fights back

Nature in the form of a tornado dealt a heavy blow to Xenia, Ohio, and to its largest employer, **Kroehler Mfg. Co.**'s furniture plant number 14, along with other businesses and homes in the city of 27,000. Kroehler is typical of industry there, coming back to life, not relocating elsewhere as had been expected. Also named: **Peoples Savings & Loan, Marmac Co., Xenia Foundry Co., Kurz-Kasch, Inc.** [Business Week, 6-1, p. 18A]

#### Economy strengthening

On balance, there are signs that the economy is growing favorably, despite some negative factors including the crushing weight of inflation. Food price declines are leading the way, may drop more as the year passes, and may provide the key to inflation abatement. Earlier estimates of joblessness were at 6 per cent, are now seen as reaching a peak of 5 1/4 per cent later in the year. [Business Week, p. 19]

#### Policy satisfies Rush

In an interview, the new economic chief adviser to the President, **Kenneth Rush**, said he is going to continue current policy and is opposed to "artificial stimulation" of the economy. The mix of monetary and fiscal restraint will continue to be the Ad-

ministration's chief weapon against inflation. [Business Week, p. 22]

#### Pollsters forgot selves

In taking the pulse of America, pollsters have come up with the belief that U.S. consumers are teed off at just about everything. Irritating things within the range of discontent of national wrath, they forgot to mention themselves. Pollsters' surveys are being questioned by businessmen who once swallowed them up eagerly. Named: **Sindlinger & Co., General Electric Co., Genesco, Inc., PepsiCo, Inc., General Mills, Inc., Zenith Radio Corp., Roper Organization, Conference Board.** [Business Week, p. 25]

#### Summer gas looks good

Right now the supply and demand of gasoline are in balance, and if the demand doesn't rise sharply in June, the supply for the summer appears to be firmly established. There are many, however, who don't believe it. But FEO officials think the situation will remain good if conservation practices continue, and there may even be a decrease of a cent or two a gallon. Named: **Gulf Oil Corp., Mobil, Shell, Globe Oil, Inc., Bi-Rite Oil Co.** [Business Week, p. 26]

#### Aircrafters get a lift

The Canadian government put down \$38.8 million for one plane maker and \$30 million for another, will combine two airframe makers and then sell them to Canadian private interests. Named: **de Havilland Aircraft of Canada, Ltd., Canadair Ltd., General Dynamics Corp., Hawker Siddeley, CAE Industries Ltd., Spar Aerospace Products Ltd., Boeing Co.** [Business Week, 28] -B-

#### Merchant fleet for P.R.

The Commonwealth of Puerto Rico has decided that it will have a merchant fleet of its own to beat the cost of products traveling to and from the island. Named: **Sea-Land Service, Inc., Seatrain Lines, Inc., Transamerican Trailer Transport, Volkswagen,** [Business Week, p. 30]

#### Wall Street weddings

Two major securities firms announced they are discussing plans to merge. They are **Hayden Stone, Inc.,** and **Shearson, Hammill & Co.** Prior to that, **Kidder, Peabody & Co.,** a large broker, said it is acquiring **Clark, Dodge & Co.** First quarter profits for brokers were \$50 million, but April and May were rough. [Business Week, p. 32]

#### Plastics vs. metals

Industry is taking a new look at plastics materials that can be used to replace metal parts in bearings, pumps and valves. There's a new, less expensive way to mold them, hence design engineers are taking another look at them. Named: **3M Co., Carborundum Co., Rhodia, Inc., Phillips Petroleum Co., Standard Oil Co. (Indiana), DuPont.** [Business Week, p. 36D]

#### Measuring pollutants

A young instrument company, **En-**

**vironmental Data Corp.** of Monrovia, Calif., has come up with a new way to measure the pollutants in gases that go up smokestacks of industrial plants. Instead of using damage-prone instruments the company has an in-situ monitoring system that uses a light beam through gases to an analyzer at the other side of the stack. Business is good for EDC. Named: **Southern California Edison, Pacific Gas & Electric, New England Electric System, Kaiser Steel, Beckman Instruments, Du Pont, Dynasciences Corp.** [Business Week, p. 36H]

#### Japanese exports blasted

Trading partners of Japan are concerned about the bombardment of goods shipped in that nation's export offensive. Higher oil bills and a sliding economy are the reason, but nations they trade with are concerned about financing their own rising oil bills and see nothing but trouble as the oil-using nations sell to each other. The Organization for Economic Cooperation & Development is trying to get nations to agree to disengage from the frenzy of exports, binges nations hope will get them off the high oil price hook. Named: **Nippon Steel, Bank of Japan, Nomura Research Institute, Toyota Motor Sales, Pioneer Electronics Corp., Yamaha Motor Co.** [Business Week, p. 39]

#### Prepared for the boom

A small Canadian company, **Trimac Ltd.,** which has already picked up a good piece of business from Alaska's North Slope oil and gas fields, will benefit mightily from the entire project. It seeks to become a total transportation resource for the Western Canada boom. Also named, **Pacific Western Airlines, Sun Oil Co.** [Business Week, p. 44]

#### Ad agency shows how

**Edward N. Ney**, president and chief executive officer of **Young & Rubicam, Inc.,** the nation's largest advertising agency in terms of billings, has led the way to reorganization and diversification to expand it to the largest agency. Last year it was tied with **J. Walter Thompson Co.,** when both had spent some \$390 million for their clients. He sees \$10 million in acquisitions and other moves recently as necessary to foster growth and stability at a time when the industry faces some unexpected problems. Also named: **Dentsu Advertising of Japan, Interpublic Group of Cos., Needham, Harper & Steers, Tracy-Locke, Wells, Rich, Greene; Batten, Barton, Durstine & Osborn; Doyle Dane Bembach.** [Business Week, p. 50]

#### Getting more production

Keeping employees happy and at the same time getting them to increase production is one of the benefits of an open system of communication used at **Wilson Concepts, Inc.,** a Dayton, Ohio, machine shop. As a result the company is unusually efficient, profitable. And the privately-owned firm's workers enjoy high wages, good fringe benefits and job security. Also named: **NCR Co., Cincinnati Milacron, Inc.** [Business Week, p. 60B]

# Digest briefs

Continued from previous page

## Cement process booms

Rising fuel costs have nudged labor costs aside, so cement makers are enjoying a boom in the so-called dry cement process to make their product which cuts fuel use by 50 per cent. Named: **Kaiser Industries Corp., Fuller Co., Gifford-Hill & Co., Santee Portland Cement Co., Ishikawajima-Harima Heavy Industries Co., Thermo Electron Corp.**

[Business Week, p. 60]

## A target for the Dow

Managers of institutional portfolios are crying the blues, as they watch what they think is the start of the "third leg down" of the Dow industrials. They talk about a target of 735 or 740 for the Dow, a crucial support area that shows where it bottomed in 1966 and where it peaked in 1961. One analyst expects big moves to come in steels, chemicals, paper and forest-product stocks.

[Business Week, p. 62]

## The earth movers have a go

At a lavish press conference-tour for 250 newsmen and securities analysts, **Deere & Co.**, announced that it is going to expand sharply into production of heavy industrial equipment. Deere is already the world's largest manufacturer of farm implements. The new plan is something for the future, but the announcement will give dealers plenty of time to prepare. Named: **Ford, General Motors, International Harvester, Massey-Ferguson, Caterpillar Tractor Co.**

[Business Week, p. 66]

## Wrecker competition fierce

Some 2400 companies specialize in the fine art of wrecking, a \$1.4 billion a year industry, and competition has become so severe that some have taken to bidding on jobs overseas. About 60 per cent of the jobs were paid for by public agencies, but such funds are now drying up as the older urban areas gave way to their blight and the bulldozer long ago. Named: **Cleveland Wrecking Co., Dore Wrecking Co., Invirex Demolition, Inc., George H. Nutman, Inc., Cuyahoga Wrecking Co., Arthur Elia, Inc.**

[Business Week, p. 78C]

## Bank mix goes sour

High-risk, high interest loans for construction projects, accompanied by a blah earnings picture, a 70 per cent fall in the stock price and other problems were the ingredients of the mix that went sour for **Cameron Financial Corp.**, a medium-sized bank holding company of Charlotte, N.C. Named: **First Union National Bancorp, Cameron-Brown Investment Group, Disney World, Carolando Corp., Hyatt Corp.**

[Business Week, p. 82]

## Financial Post

### Canada's needs enormous

There is a series of project cancellations in the oil industry that has some people worried, but a few \$100 million wiped out here and there is merely a drop in the economic bucket of the future, as projections for capital outlays up to 1980 hit somewhere around \$250,000 million. Analysts are not in agreement that Canada is headed for a bad case of seven-year itch among companies scratching around to find sufficient funding for their projects.

[Financial Post, p. 1]

## Housing market turning

The housing market in Canada is turning around in favor of the buyer, temporarily, at least, as prices level off, demand cools. But real estate people say there is still a basic shortage of housing. The real villain seems to be the sudden, high rise in mortgage interest rates.

[Financial Post, p. 1]

## Oil exploration halted

What cut the provinces will claim as their share of oil revenues is uncertain, so major oil companies have stopped exploration plans for the future, except where money for such purposes was committed long ago. Named: **Amoco Canada Petroleum Ltd., Texaco Canada Ltd., BP-Columbia, Imperial Oil, Shell Canada, Mobil Oil Canada, Gulf Oil Canada.**

[Financial Post, p. 4]

## How about diesel power!

**Peugeot Canada Ltd.**, is looking for a boost in the sales of its diesel-powered cars if the prices of conventional gasoline continue to rise. So in September the company will introduce its 504 diesel sedans and station wagons into the Canadian market. Gasoline in some parts of the country now costs 75 cents a gallon; 80 cents in Newfoundland. Their diesel-powered car gives up to 40 mpg compared to a top of 28 mpg in the comparable gasoline-powered Peugeot.

[Financial Post, p. 5]

## Import car sales down

Sales of foreign autos are off sharply for the first four months of this year. Sales of the leader, **Canadian Motor Industries Ltd.**, [Toyota distributor], were down 39.3 per cent. **Nissan Automobile Co. [Canada] Ltd.**, [Datsun], showed a 30.5 per cent decline. Also named: **General Motors of Canada, Chrysler, Ford Motor Co. of Canada Ltd., Volvo Canada Ltd., Mazda Motors of Canada Ltd., Canadian Honda Motor Ltd., British Leyland Motors [Canada] Ltd., Fiat Motors of Canada Ltd.**

[Financial Post, p. 14]

## Consumers spending more

Retailers have reported increased sales, as consumer spending in Canada continues its upward spiral. **Field's Stores Ltd.**, had a 26 per cent increase for the first quarter, and earnings paralleled that figure. Also named: **Steinberg's Ltd., Dylex Ltd., Oshawa Group.**

[Financial Post, p. 17]

## Looking for a bull

Analysts see the coming of a new bull market, perhaps beginning at Christmastime as the severe decline in stock prices begins to expire. Named: **Draper, Dobie & Co., R. A. Daly & Co., Nesbitt, Thomson & Co., McEwen Securities Ltd.**

[Financial Post, p. 17]

## Wooing investors back

While a psychological climate has been created in which the investment community and the investor could talk themselves into recession or depression, an approach to get them back to the market would be to woo them by way of dividends. So says Michael St. B. Harrison, senior vice-president of **Cochran Murray Ltd.** Named: **CP Ltd., Huron & Erie, Bank of Nova Scotia, Stelco, Noranda, Moore Corp., Imperial Oil, Bell Canada.**

[Financial Post, p. 19]

## Newsweek

### High interest rates

Tight money remains the chief weapon being used by Arthur Burns, chairman of the Fed, in the battle to stem the tide of inflation. The rate now has soared to 11½ per cent.

The Commercial and Financial Chronicle

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Business is feeling the impact, and housing has been hurting for some time. Named: **New York Urban Development Corp., New Jersey Power & Light Co., Manufacturers Hanover Trust Co., First National Bank of Boston, Wells Fargo Bank, Chase Manhattan Bank, General Motors, American Micro-Systems, Continental Bank.**

[Newsweek, p. 61.]

## Wall St. shakeout

Competition increases on the Big Street, as brokers vie for commissions. The weaker ones are falling by the wayside, including **duPont Walston Inc.** and others merge rather than go out of business. It will get tough next year when rates will be fixed by marketplace competition. Last week **Shearson, Hammill & Co.** and **Hayden Stone Inc.**, were preparing to merge. A big western broker, **Roberts, Scott & Co.**, announced it intends to fold. And **Kidder, Peabody & Co.** said it will absorb **Clark, Dodge & Co.** Key to future survival of brokers depends a lot on whether the small investors start buying stocks again.

[Newsweek, p. 64]

## Ma Bell concerned

A virtual monopoly for years has to fight now for some of its business. **American Telephone & Telegraph** has to scratch around as a result of court and other decisions of the Federal Communications Commission, in the "inter-connect" industry, which is just outside the regular, basic phone service. Some tiny but painful thorns provide customers with special equipment and services that tie into Ma Bell's system. Bell claims competition offered by the interconnect industry isn't fair to them, nor to their 65 million customers in that such competition could push up the rates. Named: **MCI Communications Corp.**

[Newsweek, p. 66]

## Pip of a plan

Paul Bunyan couldn't have swung a heavier ax than **Ford Motor Co.**, did as it cut costs of its operations this year in the midst of the energy crunch that hit it so hard. Not only did the oil shortage hurt car sales, but it also forced a crash conversion for production of economy cars. So Ford instituted a pip of a program. Literally, it is PIP, for Profit Improvement Program. Some \$500 million has been cut from overhead, and another \$235 million was saved through the layoff of 15,000 production workers. They've even admonished employees in a Dearborn cafeteria line to limit themselves to one napkin.

[Newsweek, p. 66]

## Time

### A man for policy

Mr. Nixon's appointee to fill the breach among his economic policy advisers has rushed in. **Kenneth Rush**, a longtime friend of President Nixon, said he will be the "primary adviser" and the "chief spokesman" for his former law student at Duke University Law School (1936). It is now hoped that the Administration will be able to form a truly effective policy against inflation.

[Time, p. 73]

## Hairbreadth Harry saved

After a few years of escapes reminiscent of **Hairbreadth Harry's** escapades in front of the roaring locomotive as he lay tied to the tracks, **Lockheed Aircraft Corp.** seemed to have found a rescuer late last week in giant conglomerate **Textron, Inc.** Lockheed's main trouble has been that it has consistently run out of cash sources. Textron will put in \$75 million and get up to 45 per cent of Lockheed's common stock in return. Major banks will take preferred stock to settle loans amounting to \$300 million. The government had guaranteed \$250 million of these loans, will now be freed of its role. Another \$25

Continued on the next page

## Digest briefs

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million is being sought. Named: Lazard Freres, investment banking firm; Rolls Royce, General Dynamics.

[Time, p. 73]

### U.S. News & World Report

#### Rush rushes in

The number two man in the State Department is moving into the White House as President Nixon's Counselor on Economic Policy. Kenneth Rush will try to tighten up the shotgun patterns of strategies being brought to bear on economic headaches, especially inflation. Actually, he'll be an "economic umpire."

[USN&WR, p. 19]

#### Atomic power struggles

From the dream to the reality, the road for the realization of atomic power plants is a long and hard one, fraught with troublesome problems amid fits and starts to make it a major source of U.S. energy. Some plants have worked well, others are virtual failures, ultimately taking billions of dollars from consumers pockets. By the year 2000 nuclear power is expected to provide 35 per cent of the nation's energy. But it won't make it if nuclear power plant performance is not markedly improved. Named: Consumers Power, Michigan; Boston Edison, Vermont Yankee Corp., Vernon, Vt.; Commonwealth Edison, Illinois. Wisconsin Electric Power, Carolina Power & Light Co., Rochester Gas & Electric, Toledo Edison Co.

[USN&WR, p. 43]

#### Far North's black gold

The great oil rush from Alaska has finally begun, as work begins to create the 794-mile Alyeska pipeline over the next three years at a cost of some \$4.5 billion. Eventually, the pipeline will carry an estimated 2 million barrels of oil a day to the "lower" U.S. The line runs from Prudhoe Bay to Valdez, the ice-free port 600 miles to the south. Preliminary work of making base camps and roads is underway and involves hundreds of workers whose ranks will grow to 9100 later this summer. Some oil may flow by 1977. Named: National Bank of Alaska, Atlantic Richfield, Exxon, Alyeska Pipeline Service Co., British Petroleum.

[USN&WR, p. 47]

#### Exports to China

The exchange of goods between mainland China and the U.S. has increased tenfold in two years, and it may grow considerably more if some of the roadblocks can be removed. The Chinese are badly in need of technology and equipment and American opportunities to meet the need may be unlimited. The two-way trade is expected to top the billion dollar mark in 1974. Named: RCA Global Communications, Inc., Boeing Co., Pratt & Whitney, Clark Equipment Co., M.W. Kellogg Co., Pullman, Inc., Bucyrus-Erie, Domain Industries, Gleason Works, Rucker Co., Standard Oil [Ohio], Lummus Company, Universal Oil Products, Standard Oil [Indiana].

[USN&WR, p. 65]

#### Not all money scarce

For people who want to buy a car or pay for a vacation, money is available from banks,

even though the banks themselves are having trouble getting money. The Federal Reserve screws on credit turn ever-tighter to fight inflation. Administration officials say the banks are too preoccupied with a profits and high stock price search, and something will have to be done about it. Some banks are offering automatic credit for the 'impulse buyer' so deplored by the Fed head, Arthur F. Burns.

[USN&WR, p. 93]

## Digest major stories

### Barron's

#### May be too much oil

Imagine! Last October after the Arabs imposed their embargo, oil was as scarce as square wheels. Now there is plenty of drilling and you would expect the stocks of oil field equipment companies to become gushers. Not so. Investors are said to be afraid of punishing taxes and — are you ready for this? — a potential glut of crude.

Well, now, in view of the foregoing, here's a contradiction: some equipment companies are coming on the scene, drilling is surging, but the stocks of these companies is falling off. Witness Gray Tool Co. of Houston, Texas. Gray came on strong in February and quickly rose to a two-point premium. But now it trades three points below its offering price of 12.

Gray's earnings for the first half increase by 75 per cent, and sales went up 37 per cent to \$14.8 million.

Drilling could ease off because of materials shortages, and likely from abandonment of exploration by the big companies if the Congress wipes out the 22 per cent depletion allowance. Payment of additional taxes would probably discourage the ideal of energy self-sufficiency activities, such as more drilling.

And there is the word on Wall Street that global supplies of crude oil are not in such short supply as had been suspected. In fact, world crude production now is 48 million barrels a day, the same as prior to the embargo, and consumption is actually less due in large measure to conservation practices. But, the Arabs could restrict supplies to keep the prices up.

But U.S. oil companies have to remember gas station lines, a politically sensitive issue, and that new crude now brings \$10 a barrel, nearly twice that from existing wells, as incentive to keep searching.

Despite the uncertainty for the future of oil field equipment company stocks, another is expected to join the field of publicly-held companies. That's Homco International Inc., Houston-based firm that is coming up with an offering of 550,000 shares "as soon as the market improves."

The big three leaders of the industry are Dresser Industries, Halliburton Co. and Schlumberger Ltd., each with annual revenues of more than a billion dollars. Halliburton enjoys revenues of \$2.1 billion. But these have diversified into other areas of business.

Others on the roster include: Baker Oil Tools, Camco, Cameron Iron Works, Gray Tool, Hughes Tool, Reed Tool, Rucker Co., Smith International, WellTech Inc.

[Barron's; 6-3, p. 11]

### Business Week

#### Bargains in bonds

Urgent! Urgent! Sell your corporate bonds and get into federal agency issues, which are now offering higher yields than top quality corporate bonds. This is the advice being given

to institutional investors and some individuals who have sold their equities to buy corporates.

Andrew M. Carter, a partner in Standard & Poor's-Carter, Doyle & Co., suggests such as Farmers Home Administration bonds, Washington Metropolitan Transit Authority bonds, and Government National Mortgage Assn. "passthroughs." He says buying these is like getting a Rolls Royce for the price of a Chevy.

"These are the highest-quality securities in the country," he says, guaranteed by the government, and are in effect long term U.S. dollars. They yield more now than most triple A industrial bonds. Last week, Farmers Home yielded 8.47 per cent compared to the 8.40 per cent of a recent AAA General Electric Co. issue. Carter wonders aloud: why own corporates when you can own 'governments' that pay more and cost less.

But a dissenter is Henry Swan, vice president and associate director of the investment management division of Keystone Custodian Funds, Inc., who says that the liquidity of governments is not as good as it is for corporates. "You could have a terrible job getting out," he says.

But William W. Bartlett, a bond trader at First Boston Corp., says "Ginnie Maes" are highly marketable, traded by the millions every day, maybe \$200 million a month in the secondary market this year.

Carter says they offer the fixed-income buyer a tremendous value. Liquidity worries are unjustified, according to Robert F. Dall, vice president at Salomon Bros. The Ginnie Maes used to be offered in \$50,000 pieces, but the minimum now is \$25,000. But the Washington Metros, which are very highly regarded, sell in minimums of \$5000, and are structured "very much like corporates."

[Business Week, 6-1, p. 64]

### The Economist

#### U.S. - Soviet trade peril

There may be some ruts in the road to prevent smooth-riding trade agreements between the U.S. and the Soviet Union. For one, Congress may impose some restrictions on Export-Import Bank loans to Russia so that it can buy U.S. goods; that is, that loans be authorized by the President and only in the national interest and fully justified, particularly in the energy industry.

Nevertheless, President Nixon hopes to put his signature on a long-term trade agreement with the Soviets when he visits Moscow this month. The key is the Export-Import Bank, which loans money to buyers of U.S. goods and services. In the last two years, it has extended credit of \$500 million to the Soviet Union. Exports to the USSR reached \$1.2 billion last year.

The life of Eximbank is set to run out June 30, but Congress is not likely to bury it. Instead, it may impose more restrictions on loans. For another problem about the Soviets is their traditional secrecy. Americans have difficulty in finding out about Russia's monetary reserves and foreign debts.

Eximbank's largest single loan to the Soviet Union was \$180 million at 6 per cent in connection with the big deal worked out by Dr. Armand Hammer, head of Occidental Petroleum Co., to build a huge fertilizer complex in Odessa. The funds have been matched privately. The Russians are expected to buy some \$400 million in American goods, and the Russians are to export ammonia and urea fertilizers to the U.S., for the return of American superphosphoric acid. Occidental is to expand production of the latter at its Florida plant.

Dr. Hammer completed another deal with the Russians to be the principal contractor for the \$110 million trade center in Moscow that will have a hotel, apartments, offices, trade pavilions, and conference facilities.

[The Economist, 6-1, p. 53]

# Digest major stories

Continued from previous page

## Financial Post

### Oil exploration shelved

Until the uncertainty of the government's intrusion into the business scene is resolved, planned exploration work by the petroleum industry is being put back on the shelf. Federal and provincial governments are at odds about what share of resources will go where, and how much. A buoyant mood in Alberta has become a bleak outlook.

A spokesman for the Independent Petroleum Association of Canada, said that there probably isn't a petroleum company in Calgary that isn't reviewing its exploration plans. Capital spending programs that are not urgent have already been put on the delay list by Amoco Canada Ltd., and Texaco Canada Ltd.

It doesn't stop with oil. Amoco had planned a 22-story office tower tenancy in Calgary, but has cancelled plans to rent the space. It also killed a \$2.5 million computer installation, and put off plans for a \$40-million experimental project in the tar sands area. One reason for this is that a better return on investment is available in the U.S., and drilling crews have been sent there.

The government is also doing battle with the petrochemical industry, which is expected to be hurt by resource taxes contained in the Turner budget. They will restrict high-risk exploration in the North and off the East Coast.

The problems businessmen face won't be resolved probably until well into the fourth quarter, since the new election won't be held until July, and then it will take a while to come up with a new budget.

[Financial Post, 6-1, p. 1]

## Newsweek

### Big take-over battle

At the center of the ring were the giants. On the attack, conglomerate Loews Corp., hotels-theaters-tobacco. The target: CNA Financial Corp., \$4.6 billion mix of consumer finance companies, insurance, real estate and mutual funds.

So far, a swift, punishing left jab from Loews — a \$120 million damage suit in which CNA Chairman Elmer L. Nicholson and a Swiss bank are charged with an attempt to knock the takeover out of the ring through an illegal conspiracy.

While CNA's earnings are practically nothing for the first quarter, and it may end the year with a loss, it is nevertheless a money machine which after insurance premium receipts are used to pay claims and other expenses, there is still cash left over for other uses by management.

CNA began to diversify in the late sixties using its financial leverage well. It went into real estate, a consumer-credit company, some of a medical supply firm, and the Manhattan Fund, which later didn't live up to expectations when its \$500 million stock portfolio dwindled to today's \$75 million. There was also internal trouble.

More problems developed last year with inflation, bigger insurance payouts, a tight

money squeeze on real estate operations. So the way was paved for Gulf Oil Corp., to offer \$850 million for all of CNA's stock last year. But it mysteriously pulled out, and Loews stepped in. It is now seeking permission from the Illinois Department of Insurance before it can make a tender offer.

CNA stock last year went down to \$20.63 from \$31.75. Last week it was at \$9.50 a share.

It is all shaping up as a very interesting battle, with plenty of ifs, ands, and buts.

But the prize is the thing: \$5 billion in assets for Loews' financially savvy Laurence Tisch to play with. After all, says CNA's Nicholson, "it is mighty tempting."

[Newsweek, 6-10, p. 68]

## Time

### Peas in a pod

Like Jack and Jill, inflation and interest rates will go up the high hill together. And only if one — inflation — comes tumbling down, will the other come falling after. That is the painful story of double-digit inflation in today's America.

Arthur Burns, the chief of the Federal Reserve, is keeping a tight rein on credit to avoid feeding America's double-digit inflation, yet has to be careful to let out at least enough money to keep the economy moving and out of recession. A very delicate row to hoe. The country can get out of a long, intense money squeeze by that route, along with some other aids.

Commodity prices plunged sharply recently, which is cheering news to moneymen who hope that companies that have been hoarding supplies will now quit stockpiling raw materials, perhaps sell off some inventory and begin to pay back some of their loans.

Wheat dropped from \$6.11 a bushel to \$3.62; beef came down to \$38.90 a hundredweight from \$46.25. Steel scrap fell from \$115 a ton to \$100.

The banks could also be asked to stop granting loans to big companies that don't really need them, and start giving small business much-needed credit.

The Administration should sponsor a bill in Congress to allow savings and loan associations to lend money to consumers and get into other areas that are the exclusive territory of the banks.

This country is faced with finding the answer to a problem no one has yet been able to solve: how to fight inflation without risking an intolerable rate of unemployment.

You can be certain that rates will remain up if inflation doesn't come down. Jack likes Jill's company.

[Time, 6-10, p. 74]

## U.S. News & World Report

### Business getting better

U.S. forecasters say you can expect business to get better for the rest of 1974. You can expect improvement in employment, and you'll find less to complain about at the grocery counter and the gas pump, although prices will continue to rise.

But, federal economists think it's still too early to ease up on credit and there is yet too much risk involved in a tax cut.

Here are the factors that will contribute most to the success of this forecast:

More consumer spending, especially for new cars, and goods and services that were hit hard in the energy crisis. Greater auto

production. Steady capital spending increases for new plant and equipment. More government spending. A moderate home-building boost.

Ahead: Growth of 4 per cent in the gnp in the last half of '74; a slowdown of inflation, down from 12 to 7 per cent by year-end. A slower rise in food prices. A decline in interest rates; a slower rise in the rate of unemployment.

The big cucumber in the pickle barrel is, of course, inflation. And if it doesn't come under control, kiss recovery goodbye.

[USN&WR, 6-10, p. 17]

## The Economist

### New crisis: depression

The world's "have" nations are contributing each in their own way to a gathering crisis that could lead to global depression. They have dug their own economic hole.

Much of what is happening revolves around Arab oil and the quadrupling of prices, but there has never been a real problem of how to deal with the prices and the big Arab trade surplus. If the Arabs choose not to buy goods and services from the rest of the world, then there is no reason for release of resources that will not be used. The increase of oil prices puts down demand and makes Arab customers all the poorer. But cuts in indirect taxes can decrease prices and increase demand, getting real growth back to where it was for both sides.

Non-Arab countries would be left with huge balance of payment deficits, which could be balanced by an equal outflow of oil money on capital account, invested in the rest of the world. The money would have to come from the strongest economies where it's invested and sent to the weakest where it's needed. An equalization exchange could be set up and the money loaned to the weak.

Most nations have permitted oil costs to push up consumer prices, deflating demand. They are hoping that growth of exports will help to limit inflation; but they forget that if they are growing on one end of the stick, then there is a nation on the dirty end on import-led recession. That end of the stick will soon be passed on to the "have-nots" and the rich will begin to ensure that a trade war and a slump will occur.

Large industrial nations cut back on their output of goods when it was determined that supplies of oil might be down by about 20 per cent in 1974. But when oil began again to flow freely, demand nevertheless remained down, and with more oil, these nations rebounded by increasing their output. Still, demand continued to slide.

Forecasters have been deluding themselves and others about the growth of world trade and of fast growth in manufactured exports at inflated current prices, convincing themselves that there is nothing to worry about. Countries are suffering from cost-push inflation. There are losers and there are winners, and those best able to win export orders for their particular goods that are not amid the world's demand slide, will include those with the lowest wage-price inflation.

A slump will help commodity prices to fall, hitting the poorer countries which would then face near-starvation.

Some developing countries are heavily into borrowing from the Eurodollar market on the strength of earnings from high commodity prices. And if these fade away, major defaults could occur among some of the world's big banks and the world's financial markets would be hit hard.

There is a way out of this wilderness. Rich countries should not count increased exports in forecasts. Instead, they should mount a campaign for world-wide slashes in indirect taxation.

[The Economist, 6-1, p. 69]

## Dealer-broker-literature

...Bohemia Inc. — analysis — May & Camp, Inc., 506 Southwest Sixth Ave., Portland, Oreg. 97204

...CBS Inc. — analysis — Tucker, Anthony & R. L. Day, 120 Broadway, New York, N. Y. 10005

...Hanover Insurance Co. — analysis — Emmett A. Larkin Company Inc., 235 Montgomery St., San Francisco, Calif. 94104

...Ideal Basic Industries Inc. — analysis — Frederick & Company Inc., Cudahy Tower, Milwaukee, Wis. 53201 Also available are analyses of Koss Corp., Peoples Gas Co., and Scot Paper Co.

...Jewel Companies, Inc. — analysis — Paine, Webber, Jackson & Curtis, Inc., 140 Broadway, New York, N. Y. 10005

## Insight

Continued from page 8

record high market price in settling debts between themselves.

The C-20's recommendations this week may incorporate such a flexible plan for gold in its "Outline of Reform." If the committee does accept this compromise plan, the question naturally arises as to what value will the central banks carry gold on their balance sheets? Or, will there be a two-tier price for gold, depending on the source after a fixed date? Either way, the central banks' basis for money inflation would be enhanced unless offsetting steps are taken, something the politically-minded finance ministers are hardly likely to accept from their central banks.

The failure of central banks to curb inflation has reached such a point that the establishment of a redeemable gold standard with a new, higher, fixed gold price has become a counter-productive destabilizing factor. The higher gold price base alone would clash with what the gold standard is supposed to curb.

### Speculative gain.

The sheer incongruity of price inflation and the vociferous gold devaluationists' superficially appealing plan to check money issuance excesses never mentions the huge speculative profit inherent in the proposal.

Curiously enough, world gold production in physical terms has declined since 1970 when gold was still officially valued at \$35.00. Since then, the free market price has reached new record highs and, there has been no elastic response on the part of the producers.

South African gold producers openly admit they are extracting the more costly ores with the least gold content because it is now so profitable to do so. This has helped, of course, to bolster the free market gold price by shrinking supply.

The C-20 should recommend that free gold markets be established in all countries and not pretend there is a future role for gold under a floating, or managed floating exchange rate system.

## New records set on Bond Options Exchange

Trading volume and the price of a membership on the Chicago Board Options Exchange both hit record highs last Wednesday.

Trading volume was 27,376 contracts, representing 2.7 million shares of stock, up from the previous record of 22,320 contracts set on March 12, the exchange said.

...Jostens, Inc. — analysis — Piper, Jaffray & Hopwood, Inc., 733 Marquette, Minneapolis, Minn. 55402 Also available are comments on International Minerals & Chemicals, Stauffer Chemicals, American Cyanamid, First Mississippi, Northrup King, Pioneer Hi-Bred International, Deere, Massey Ferguson, and Arizona Colorado Land Co.

...Pott Industries, Inc. — analysis — A. G. Edwards & Sons, Inc., 1 North Jefferson, St. Louis, Mo. 63103 Also available is an analysis of Rival Manufacturing Co. and comments on Emerson Electric Co., Anheuser Busch, Wetterau Inc., and McDonnell Douglas Corp.

...Russell Stover Candles Inc. — analysis — H. O. Peet & Co., Inc., 23 West 10th St., Kansas City, MO. 64105. Also available is a report on Rival Manufacturing.

...Santa Fe International Corp. — analysis — Stern Frank Meyer & Fox Inc., 606 South Olive St., Los Angeles, Calif. 90014

...Valmont Industries — analysis — Chiles, Heider & Co., Inc., Woodmen Tower, Omaha, Neb. 68102

...Bank Stocks — quarterly report including selected statistics on 122 banks and bank holding companies — M. A. Schapiro & Co., Inc., 1 Chase Manhattan Plaza, New York, N. Y. 10005

...Canadian Grains — review — The Bank of Nova Scotia, 44 King St., West, Toronto M54 1E2, Ont., Canada

...Changing Savings & Loan Scene — discussion in May "Journal" — Federal Home Loan Bank Board, 101 Indiana Ave., N. W., Washington, D. C. 20552 — \$1.25 per copy

...The Coming of the new Federal Financing Bank — discussion — Merrill Lynch Government Securities Inc., 1 Liberty Plaza, New York, N. Y. 10006

## Stocks

Continued from page 10

when the Dow declined to around 795 and met support.

"We've seen the worst already," he says, and after a brief period of consolidation the market will resume its rise.

Albert Zesiger, president of BEA Associates Inc., which manages some \$350 million, has been bullish for some time now and notes that most of the portfolios his firm manages made their lows last year or early last December.

He says the market's action last week was normal and did not have much significance, considering its fluctuations in recent months. Nonetheless, he adds that there is some significance in the fact that "it doesn't want to go down very much."

Zesiger says the market will continue to work on some of its problems and wring out the emotions of those who still want to sell.

But he adds: "I've never been more bullish in my life than this year."

Two memberships were sold Wednesday, one at \$39,000 and one at \$40,000, topping the previous record of \$27,500 established in April.

May volume was 345,969 contracts, up nine per cent over April's volume of 318,742 contracts, the exchange said. Dollar value of May's volume was \$93.4 million, it added.

## People

Lee A. Pickard, director of the division of market regulation at the Securities and Exchange Commission will be guest speaker at an educational dinner to be held by the Financial Management Division of the Securities Industry Association Wednesday evening, June 12, at the City Mid-day Club. Information and tickets may be obtained from James Rush, Moseley, Hallgarten & Estabrook Inc., New York.

George C. Hooper has become associated with Fulton, Reid & Staples, Inc., 800 Penton Plaza, Cleveland, as a vice president. He was formerly with Prescott, Ball & Turben, Ball, Burge & Kraus, and Walston & Co. in Cleveland.

Peter A. Sullivan has become associated with the trading department and Henry M. Hayward with the sales department of Auerbach, Pollak & Richardson, Inc.'s recently opened office at 100 Federal Street, Boston.

Kuhn, Loeb & Co., 40 Wall Street, New York has announced that Chester T. Smith, Jr., has become associated with them as vice president and manager of the equity trading department.

Bear, Stearns & Co., 55 Water St., New York, has announced the addition to their staff of Charles B. Milligan, option department; Stephen L. Ross, syndicate; and Randall D. Smith, convertible bonds.

Philip Ivers has been named manager of the options department of Sanford C. Bernstein & Co., Inc., 717 Fifth Ave., New York.

Robert M. Gary has become associated with Eaton & Howard, Inc., 24 Federal St., Boston, as vice president-investment counsel. Prior to joining the firm he was vice president of The Massachusetts Company, and previously had been with Estabrook & Co.

Paine, Webber, Jackson & Curtis, Inc., 140 Broadway, New York has announced that John R. Bogert has joined their institutional research department as a vice president.

First National Bank of Chicago, One First National Plaza, Chicago, has appointed Stephen K. Dome, John P. Heiner, Jr., Donna L. Koehler, and Gerald R.

## Janeway

Continued from page 9

tion. You might have a million dollar plant which you've depreciated down to \$200,000, but getting back \$800,000 might let you buy back only the door knobs for a new one.

It's more than an unhappy situation. It's unfair in many ways, since many a loan is going abroad, as in the case of the Export Import Bank, which lends money, for example, to the Russians, at seven per cent.

There's no relief in sight, though. Arthur Burns, the chairman of the Federal Reserve Board is staying with the hard line that he's hied to for nine months. In fact, the line is getting harder because Burns has gone public with it. He talked and talked in private about it, but what's significant now is that he's gone public with it. He sure as blazes is against the spending and the lending by the government agencies, who are going wild, but private talk didn't help much, and now Burns is really getting tough.

If we get to the allocation of credit as I believe, the limitation will be put on banks on who they can lend to and for what purpose.

Lennartz bond investment officers, in the bond department.

The American Bankers Association has announced that David Rockefeller, chairman of the Chase Manhattan Bank, will keynote the opening session of the 1974 National Correspondent Banking Conference September 8-10 in Atlanta. Paul Lindholm, Northwestern National Bank of Minneapolis, will be conference chairman.

William E. Chambers has been named manager of the new Indianapolis branch of The Chicago Corporation at 11 South Meridian St. Mr. Chambers was formerly president of Chambers & Chase, Inc.

Lyman M. Lowry, a pioneer of technical stock market analysis, was the first recipient of the annual award of the Market Technicians Association of New York, given for outstanding work in this field.

...Stephen B. Areman has joined their corporate bond department according to announcement by Adams & Peck, 120 Broadway, New York.

SoGen-Swiss International Corp., 100 Wall St., New York, has announced the association with their corporate bond department of Sheldon Krieger.

...Dr. Warren A. Law, Professor of Business Administration at the Graduate School of Business Administration, Harvard University, has been elected a director of The E. F. Hutton Group Inc., the holding company for E. F. Hutton & Company Inc., 1 Battery Park Plaza, New York. He is the firm's first public director.

# think

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# Briefly . . .

## CNA seeks Chicago acquisition law

Lawyers for CNA Financial Corp, target for several tender offers, have asked the Chicago City Council to pass legislation that would require the Council's finance committee to approve the acquisition of any Chicago-based company with more than 2,500 employes, if the target company requested it.

The proposed bill, offered by the law firm of Sonnenschein, Levinson, Carlin, Ntath and Rosenthal, CNA's outside counsel, specifically excluded friendly acquisitions in which a Chicago company's directors favor the takeover.

Although the proposed legislation doesn't mention insurance companies specifically, it apparently is part of CNA's defensive strategy designed to frustrate a proposed take-over by Loews Corp.

The proposed ordinance calls for the city to seek injunctive relief and provides for criminal penalties of \$500 a day or six month prison terms for any willful

violations of the ordinance.

In most states, insurance regulation is carried on solely at the state level, as it traditionally has been in Illinois. However, a new state constitution passed in 1971 granted broad home-rule powers to local municipalities. Currently there are a number of bills pending in the Illinois State Legislature to withdraw home-rule powers over insurance and of other state regulated industries from municipalities and other home-rule units.

To cover this flank CNA conceded that it was behind the introduction of an amendment to the insurance pre-emption bill that would permit municipalities to exercise with the state concurrent power over insurance company mergers and acquisitions.

Action on the state bill is expected before the legislature adjourns later this month. City Council action on the proposed ordinance is expected to take longer

## Gulf & Western makes tender offers

Gulf & Western Industries Inc. is making cash tender offers for 250,000 shares of the common stock of Brown Co. and 250,000 shares of Madison Square Garden Corp. common stock.

The tender offer for Brown Co. stock is for \$12 a share and the tender offer for Madison is for \$6.75 a share.

Gulf & Western now holds about 2,533,000 shares of Brown common or about 57 per cent of the shares outstanding. If 250,000 shares are purchased, Gulf & Western's interest would increase to about 63 per cent.

Gulf & Western said it reserves the right

to purchase up to one million Brown shares if tendered.

Kidder Peabody & Co. Inc. will act as dealer manager.

Gulf & Western said it now holds about 1,364,000 shares of Madison Square Garden common stock or about 28 per cent of the shares outstanding.

The company said if 250,000 shares of Madison Square Garden are purchased, its interest in Madison would increase to about 34 per cent.

The company said, it reserves the right to purchase up to one million shares if tendered. Bear Sterns & Co. will act as dealer manager.

## W.E. Hutton completes refinancing

W. E. Hutton & Co., has completed a refinancing designed to bolster the securities firm's capital position by paring interest costs on its debt.

James M. Hutton 3rd, managing partner, said the refinancing completed on June 1, involves the renewal of some \$1

million subordinated loans due to expire this year. The injection of \$380,000.00 cash by partners and the revision of a loan agreement with two major banks - First National City Bank and Chicago-based Continental Illinois Bank & Trust Co.

The revision of the bank-loan agreement calls for prepayment now of a \$1.3 million

installment originally due next January on a \$6.6 million loan jointly granted in 1972 by the two banks. The prepayment brings repayments on the loan to \$3.3 million with the next installment of \$1.3 million not being due until January 1976.

The thrust of the revision, Hutton said, relieves the firm of "heavy" interest costs on money that is being replaced at lower rates by renewal of other subordinated loans and the addition of partners' cash. With the bank-loan rate pegged at two percentage points above banks' prime or minimum interest rate, Hutton lately has been paying about 13 per cent annually for the bank funds.

## Paine Webber discusses merger

Paine, Webber, Jackson & Curtis Inc., says that it has had preliminary merger discussions with Blyth Eastman Dillon & Co.

Paine, Webber with some 110 offices ranks among the nation's largest houses. Blyth Eastman Dillon with 50 outlets is a unit of INA Corp., the large Philadelphia-based financial services holding concern.

James W. Davant, Paine Webber chairman and chief executive said, "Yes, we've talked briefly with them, but there

aren't any negotiations. It really isn't serious at this point. We don't have any agreement to meet again or not to meet again. I presume we'll talk to them again sometime."

He added that Paine, Webber has been "in the black" so far in the current quarter, its third fiscal quarter.

Meantime the projected absorption of Shearson, Hammill & Co. by Hayden Stone Inc. has a target date of late August, Arthur Levitt Jr., Hayden Stone president said.

# Bond market optimistic

Continued from page 10

had been awarded, prices on the first ten maturities would have ranged to \$2,246. 90 per \$1000 bond.

Elsewhere in the primary tax-exempt market, two major issues were awarded and both were splendidly received by the market.

On Tuesday the Connecticut Housing Financing Authority sold \$54.7 million of mortgage revenue bonds to a Chase Manhattan group bidding in association with a syndicate led by Smith, Barney and Goldman, Sachs at an annual borrowing cost of 6.779 per cent.

The account reoffered the double-A rated bonds at prices to yield from 5.40 per cent to 6.35 per cent on the \$16,965,000 serial obligations and priced the \$37,735,000 term bonus due in 2003 as 6½% at 100½ to yield

6.84 per cent.

The State of Ohio took bids on Wednesday on \$50 million highway bonds, due serially from 1974 to 1990. These were won by a First National Bank of Chicago group on an interest cost bid of 5.501 per cent. The group scaled the bonds from 5.20 per cent to 5.60 per cent in the final maturity. It is reported that one casualty company placed an order for \$20 million of the bonds on a pre-sale basis. The bonds cleaned out quickly and moved up in price by five basis points less yield.

New York City raised \$431.8 million on short term paper at rates ranging from 6.87 per cent to 7.15 per cent. The notes were reoffered at yields ranging from 6.75 for one-year paper to 7.00 per cent for maturities of November 12 and September 30.

# Mergers and acquisitions

**American Motor Inns Inc. — MEGRGER TALKS TERMINATED** — The company announced it and Holiday Inns Inc. have mutually agreed to end merger negotiations. The company said economic conditions dictated that it would be in the best interests of both companies to continue separate corporate identities. V.219, 7409, p. 45.

**Anchor Savings Association — PROPOSED ACQUISITION** — The company announced it is discussing acquiring Goodland Savings & Loan Association, Goodland, KA. Anchor Savings, an ISC Industries subsidiary, also announced an agreement in principle to acquire over 80 per cent of the guaranteed stock of People's Savings & Loan Association, Parsons, KA, for about \$2,000,000. Anchor Savings has eight offices and is the second-largest savings and loan association in Kansas.

**Canon Ltd. — ACQUISITION** — The company announced the completion of the purchase of all the outstanding shares of Standard Structural Steel Ltd. from IU International Corp.

**Centex Corp. — PROPOSED ACQUISITION** — The company said that it obtained a 60-day option to acquire all the capital stock of Mid-American Oil Co. for \$13,000,000 in long term notes. The option could be exercised through an unidentified 75 per cent owned subsidiary. The company is engaged in home building, real estate development, general construction and production and marketing of cement. Mid-American, based in Houston, TX, and its subsidiaries buy, sell and transport natural gas in Texas.

**Dominick Fund Inc. and Putnam Investors Fund Inc. — PROPOSED ACQUISITION** — The companies announced they have agreed in principle for the acquisition at net asset value of substantially all the assets of Dominick Fund by Putnam investors. Putnam is an open-end fund managed by Putnam Management Co., Boston. Fund is a closed-end fund. V.219, 7402, p. 44.

**Dresser Industries Inc. — ACQUISITION** — The company announced it has completed the acquisition of most assets of Jeffrey Galion Inc. of Columbus, OH. Terms call for Dresser to pay Jeffrey Galion \$120,000,000 in cash plus 416,350 common shares. Jeffrey Galion is a privately held supplier of engineered products and equipment to construction, mining and industrial markets. Dresser

supplies high-technology products and services to natural resource industries. V.219, 7376, p. 20.

**Emhart Corp. — PROPOSED ACQUISITION** — The company announced it has reached a definitive agreement to acquire Fellows Corp., Springfield, VT, for 190,000 Emhart shares valued at about \$3,400,000. Fellows makes gear-shaping equipment, cutters, gear-measuring instruments, plastic injection molding equipment and twist drills. V. 219, 7394, p.21.

**Entex Inc. and Mid-Texas Communications — PROPOSED MERGER** — These companies announced they have agreed in principle to merge Mid-Texas into Entex. Terms call for Entex to issue about 727,000 of its common shares on the basis of 0.9 share of Entex for each share of Mid-Texas stock. Mid-Texas is a regional independent telephone company. Entex, formerly United Gas Inc., is a large gas distribution company with interests, through a subsidiary, in oil and gas drilling and production.

**Fidelity Union Bancorp. — ACQUISITION APPROVED** — The company announced Federal Reserve Board approval for it to acquire Colonial First National Bank of Red Bank, NJ. Fidelity Union, of Newark, NJ, is the fourth largest bank holding concern in the state and controls four banks with deposits totaling about \$916,000,000. Colonial has deposits of about \$294,000,000 and operates 18 banking offices in two counties. V 218, p. 1651.

**First City Bancorporation of Texas, Inc. — ACQUISITION** — The bank announced it has completed purchase of the Northline State Bank, Houston, for an exchange of stock valued in excess of \$1,500,000. The addition of the Northline Bank brings to 18 the number of banks within the First City Bancorporation holding company. V.219, 7411, p. 44.

**First United Bancorporation, Inc. — ACQUISITION** — The company announced it has completed acquisition of Great Southwest National Bank of Arlington, TX, as a majority-owned subsidiary through a cash purchase of stock. Acquisitions of Farmers-First National Bank of Stephenville and Gateway National Bank of Fort Worth currently are awaiting approval by the Federal Reserve Board. V.219, 7378, p.23.

Continued on page 43A

# Ex-chief has a plan to save Franklin

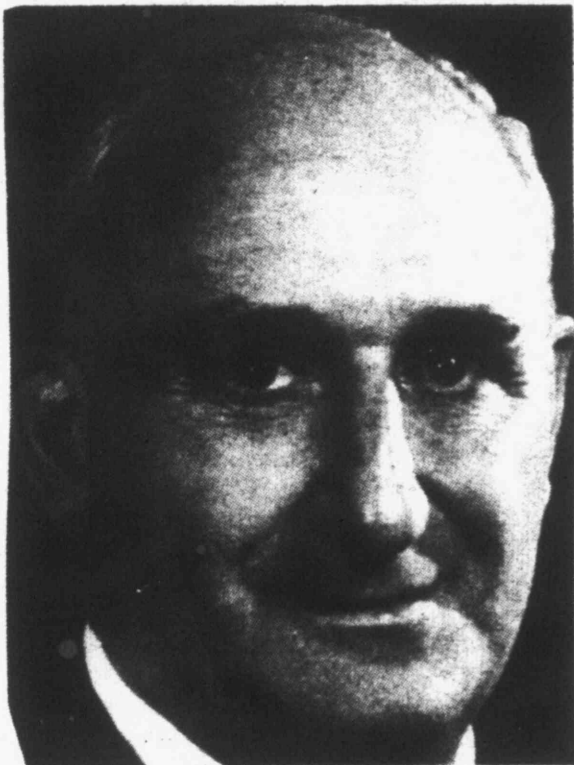
Continued from page 1  
is expected to sustain this year. The bank's restated earnings statement was issued late last week.

Roth hopes that the FDIC would not be inflexible about this proposal. It is far better, he says, not to wait too long because inaction at present might bring about the very situation everyone hopes will not transpire. "Why risk a collapse," Roth argues, "if sensible steps can be taken now to put the bank back on its own two feet. It's about time the FDIC practiced preventive medicine."

A third major salvaging step would have the New York Clearing House banks and other banks lend Franklin \$250 million secured by liens against its assets, payable over seven years, with interest averaging out to 10 per cent. The interest rate, initially at four per cent and increasing yearly would ease the bank's burdens at the beginning.

This loan, unlike the recommended FDIC step, would become a liability on the bank's books.

Roth's last financial restructuring proposal calls for continuance of the



**ARTHUR T. ROTH**

... an innovative salvaging plan

Federal Reserve's loans to Franklin at the discount rate of eligible collateral as well as loans at a half percentage point higher rate on other acceptable collateral.

Since the May 10 announcement that Franklin would omit its second-quarter common and preferred stock dividends, and the news that it sustained large foreign exchange losses from unauthorized transactions, the bank has borrowed approximately \$1.1 billion from the Federal Reserve Bank of New York.

The bank was forced to turn to the Fed's discount window once the news came out and its customary sources of liquid funds dried up. Banks retrenched on their normal short-term Federal funds to Franklin, depositors withdrew as much as \$300 to \$400 million, and the bank is finding it difficult to issue large single-maturity certificates of deposit, because of business qualms about the bank's liquidity.

There's no question that the Fed, as a lender of last resort, is providing substitute liquidity. Until the bank gets back on its own feet, Roth says, the Fed must continue its active supportive role.

## New management

But financial restructuring by itself would be fruitless, Roth adds, "Franklin

must get new leadership that is safe, sound, knowledgeable and inspiring."

Obviously, Roth is aiming most of his criticism at Harold V. Gleason, currently Franklin's board chairman and Roth's former protege. By 1968 the two no longer agreed on policy and Roth was forced to retire. Roth presently heads the Bank of Suffolk County, a small bank located in Stony Brook, L.I.

The former Franklin chairman, however, spoke highly of the recent addition of such top men as Norman B. Schreiber, chairman of the executive committee of Franklin New York Corp., the bank's parent company.

Before joining the bank group, Schreiber was instrumental in putting Walter E. Heller & Co. back on its feet.

## Projection and outlook

Not until 1975 does Roth expect the bank's earnings to turn around and increase by as much as \$10 million. Using the 1973 annual report and this year's original first-quarter statement, prior to its expected restatement on June 10, the former Franklin chief executive concluded that losses and write offs in the first four months might reach \$67 million.

Losses and write offs in the last eight months of 1973 are expected to aggregate \$30 million. As a result, the estimated \$97 million total for the year would reduce the end of 1973 total common stock equity capital from \$149 million to \$52 million.

The injection of the proposed \$100 million directors' contribution and the \$30 million three-year loan from Manufacturers Hanover Bank last April would, however, increase the common stock equity to \$182 million.

In assuming an annual incremental earnings increase aggregating \$135 million by 1980, and the advent of a \$17 million federal profits tax bite at that time, Roth arrives at a substantially improved common stock equity capital of \$300 million.

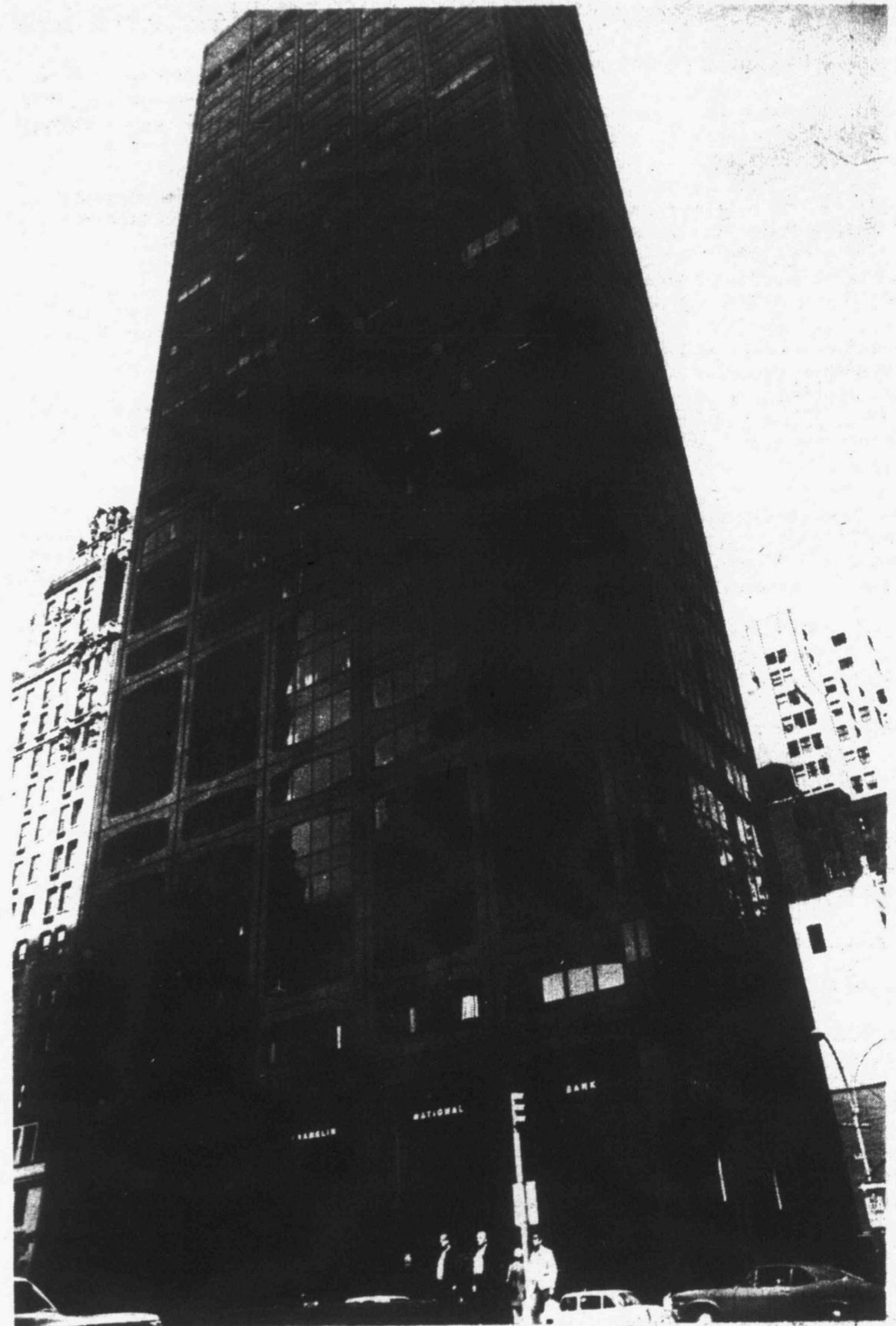
The earnings until 1980 would be used to reduce in stages the estimated \$97 million losses and write offs for 1974. Thus, there would be no taxable earnings until 1980 when the final write off of the \$97 million residual occurs.

The seven-year, \$250 million proposed borrowing from the Clearing House banks and possibly other banks would be amortized initially at \$25 million per year, and in larger chunks in the subsequent years. Thus, when the loan is at its largest amount, the interest rate would be four per cent and the \$25 million final balance in 1981 would pay a 20 per cent interest rate. The average rate, however, would be 10 per cent.

## Other assumptions

Roth's prescription for Franklin includes such other stern components as dropping foreign exchange and securities trading departments. Also, he strongly advises Franklin to stay away from paying top, and higher, interest rates for negotiable certificates of deposits. Moreover, Roth assumes that the prime rate will decline to at least 9 per cent by the end of the year.

In response to suggestions made by others that Franklin get out of the Federal funds market, Roth's reply stressed the importance of allowing Franklin to use the Fed funds market in order to service its correspondent banks. Charges have been made that Franklin borrowed too much, and Roth agreed. He stated, however, that his proposal would allow Franklin to sell more Fed funds and borrow less. The Fed



## Help?

Franklin's Park Ave. headquarters. Can it be saved with a little help from the Fed, the FDIC and other New York City banks?

funds market consists of inter-bank borrowing and lending.

If Roth has his way, the elimination of foreign exchange trading would, among other measures, reduce Franklin's deposits by about half, from \$1.2 billion to \$600 million at the end of this year. Anticipated scaling down of demand and time deposits this year would also cut into the cash and items due from other banks which are reflected in the \$600 million figure.

Total deposit liabilities would, as forecast by Roth, drop from \$3.7 billion last year to \$2.3 billion, principally because deposits by foreigners are expected to fall off from \$1.1 billion to \$300 million once foreign exchange trading ceases.

Franklin's borrowings at the Fed's discount window now running at \$1.1 billion could fall as low as \$490 million, the way Roth figures it. These and other changes, the banker says, would result in total liabilities, reserves against loan losses and capital funds dropping by almost a third, from close to \$5 billion at the close of last year to \$3.5 billion at the end of 1974.

Net worth at the end of 1973 was \$253.6 million. The careful pruning and financial restructuring laid down by Roth project a

dramatic increase in net worth by about 22 per cent to \$805 million.

Comptroller of the Currency Smith's May 30 request to Franklin's competitors to study the beleaguered bank's situation and come up with recommendations on improving its liquidity and profit position, is unprecedented for this day and age. During the banking crises of the 1920's and the early 1930's, clearing houses were supposed to help each other out.

The antitrust implications of such a step required the comptroller to first gain approval from the Department of Justice. It was granted on May 23 with the admonition, hard as it may be to take, that the information gained from the inquiry not be used to benefit Franklin's competitors.

Roth was forced out of the chairmanship and chief executive Franklin slot in a policy dispute in July, 1968. The Roth family presently owns 77,000 shares of Franklin. He has approached other regulatory agency heads about the bank's condition, and it is conceivable that the Comptroller's unprecedented step was a consequence of Roth's endeavors to save the bank, and to keep it from being dismantled, sold or merged.

# Insider Trading

Continued from page 12

300 common at \$28.50 - open market purchase on May 14, 1974. Henry G. Parks Jr., director.

First Railroad & Banking Co. of Georgia 413 common at \$10.00 - purchases on March 18, 1974, in two separate transactions one of 285 and the other of 128 shares. Fleming M. Love Jr., vice president and director.

First Surety Corp. 1,000 common at \$3% - open market purchase on May 7, 1974; and 1,000 common at \$3% - open market purchase on May 21, 1974. Earl E. Wilkinson, director, executive vice president and secretary.

First Texas Financial Corp. 1,000 common at \$18.25 - open market purchase on April 30, 1974. J. Michael Cornwall, director and executive vice president.

First United National Corp. 1,000 class A capital at \$1.50 - sale on March 22, 1974. Joe L. Thomas, vice president and secretary.

Fischer & Perter Co. 400 common at \$7.00 - open market purchase on May 7, 1974. Frank P. Houpt, vice president - U.S. marketing.

Fisher Foods Inc. 100 common at \$14.875 - open market purchase on April 17, 1974. David F. Leahy, director.

Flickinger (S.M.) Co. Inc. 300 common at \$12 1/2 - open market sale on March 8, 1974. Edward G. Brekke, vice president.

Fairchild Camera & Instrument Corp. 50 common at \$55.75 - open market purchase on May 10, 1974. James B. Lampert, director.

Fansteel Inc. 1,400 common at from \$10.875 to \$11.00 - open market purchases between April 25, 1974 and April 30, 1974, in four separate transactions of between 100 and 800 shares. David D. Peterson (no relationship to company given).

First Bancshares of Florida Inc. 100 common at \$16.75 - open market purchase on April 17, 1974. Donald J. Beuttenmuller, vice president - data processing.

First Jersey National Corp. 200 common at \$14.25 open market purchase on May 13, 1974. John R. Desiderio, director.

First Midwest Corp. 1,000 common at \$5.00 - sale on April 8, 1974. Wilbur M. Bennett, director and member of executive committee.

General Dynamics Corp. 371 common: - 300 at \$27 1/2 and 71 at \$27% - open market sales on April 23, 1974. Edward J. LeFevre, vice president and officer.

General Educational Services Corp. 500 common: - 200 at \$2% and 300 at \$2% - open market purchases on April 3, 1974. Mark J. Millard, director.

General Public Utilities Corp. 200 common at \$14% - open market purchase on May 7, 1974. William G. Kuhns, director and president.

Genesco Inc. 500 common: - 200 at \$5% and 300 at \$5% - open market sales on May 2, 1974. John A. Hill, director.

Godfrey Co. 500 common at \$11.25 - open market purchase on April 24, 1974. Ralph E. Peterson, director.

Grand Auto Inc. 1,000 common at \$4.00 - open market purchase 6 on April 22, 1974. Simon I. Brown, executive vice president and director.

Great American Corp. 500 common at \$15.75 - open market purchase on March 29, 1974. Kevin P. Reilly, director.

Great Equity Financial Corp. 1,000 common at \$6.00 - rule 144 sale on April 20, 1974. Patrick G. Ryan, president and chairman of the board.

Great Southern Corp. 300 common at \$12.00 - open market purchase on April 25, 1974. Carmon L. Greenwood, vice president.

Guardian Industries Corp. 1,000 common: - 200 at \$17.50 and 800 at \$17.25 - open market sales on April 24, 1974. Byron Gerson, assistant secretary, assistant treasurer and director.

100 common at \$18% - open market sale on April 11, 1974. Bert Koski, controller.

Harley Corp. 300 common at \$10.00 - open market purchase on May 7, 1974. Cleveland S. Harley, president.

Hastings Manufacturing Co. 200 common at \$6.875 open market purchase on April 22, 1974; and 500 common at \$6.875 - open market purchase on April 23, 1974. Lyle E. Gillespie, director.

Hanover Square Realty Investors 200 shares of beneficial interest at \$11.50 - open market purchase on April 17, 1974; and 200 shares of beneficial interest at \$12.25 - open market purchase on April 18, 1974. Albert A. Eustis, secretary.

Hartfield-Zedys Inc. 2,300 common at from \$1.75 to \$2.25 - open market purchases between April 9, 1974 and April 25, 1974 in seven separate transactions of between 200 and 400 shares. Abe L. Marks, chief executive officer and director.

Helme Products Inc. 22,482 common at from \$9 1/4 to \$11 1/4 - open market purchases between April 8, 1974 and April 30, 1974, in an unspecified number of transactions.

Highland Inns Corp. 1,500 common at open market purchases on April 17, 18, and 19, 1974, in three separate transactions on 500 shares each. Bruce F. Gray Jr., assistant secretary.

Hinsdale Raceway Inc. 20,000 common at \$4.00 private sale on April 1, 1974. Stanley R. Payne, director and chairman.

Hoerner Waldorf Corp. 100 common at \$16% - purchase on May 10, 1974. A. Byron Reed, director.

200 common at \$17.00 - purchase on April 30, 1974. Milton L. Knoll, vice president.

Howard Johnson Co. 2,500 common at from \$8 1/4 to \$10% - open market purchases between April 11, 1974 and April 24, 1974, in five separate Bell transactions of 500 shares each. Lowry M. Jr., vice president.

Howell Industries Inc. 10,000 common at \$1.50 - private sale on April 22, 1974. Brenda J. Schwartz, beneficial owner of more than 10 per cent.

Humana Inc. 600 common at \$5.25 - open market purchase on April 25, 1974; and 400 common at \$5.50 - open market purchase on April 26, 1974. Michael E. Gellert, director.

IBM Corp. 199 capital stock: - 100 at \$232 1/4 and 99 at \$232% - open market sales on April 15, 1974. Jane P. Cahill, vice president, communications.

Incoterm Corp. 200 class A common at \$5.00 - open market purchase on April 17, 1974. Edgar L. Van Cott Jr., vice president.

Industrial National Corp. 700 common at \$22.75 open market purchases on April 19, 1974, in two separate transactions of 500 and 100 shares. Harlan T. Moses, director.

Institutional Investors Trust 200 shares of beneficial interest at \$7% - open market purchase on May 17, 1974. Richard W. Baker Jr., executive trustee. 2,900 shares of beneficial interest at \$7.50 - open market purchase on May 14, 1974. Merrill Taub, trustee and secretary.

Intersil Inc. 6,000 common at \$0.50 - private sale on April 1, 1974. Jean A. Hoerni, director and 10 per cent shareholder.

Irwin (Richard D.) Inc. 100 common at \$10.25 - open market sale on February 13, 1974. Oliver A. Ryder, vice president of Business Publications Inc. (subsidiary).

Itel Corp. 1,000 common: 100 at \$5.00 and 900 at \$4.75 - open market sales on April 24, 1974. Donovan S. Thayer, vice president.

Kaufman & Broad Inc. 3,000 common at \$3.33 - purchase of executive incentive stock on April 1, 1974. John Polk, vice president.

Laclede Gas Co. 100 common at \$16.50 - open market purchase on May 15, 1974. Donald A. Novatny,

Lane Bryant Inc. 6,667 common at \$11.25 - private sale on April 2, 1974. Helen M. Palley, director.

Latrobe Steel Co. 2,500 common: 100 at \$7.25, 100 at \$7.375 and 2,300 at \$7.125 - open market sales on February 2, 1974. Marcus W. Saxman III, director.

Liberty National Corp. 300 common at \$32.50 - open market sale on April 9, 1974. Leonard H. Savage, director.

Lincoln First Banks Inc. 400 common at \$19% open market purchase on May 20, 1974. Stephen H. Waite, senior vice president and chief financial officer.

Lockheed Aircraft Corp. 700 common at \$5% - open market sale on March 25, 1974. Ronald Smelt, vice president and chief scientist.

Major League Bowling & Recreation Inc. 1,000 common at \$3.25 - open market purchase on April 16, 1974. Frank G. Louthan Jr., director and consultant.

Magnolia Metal Corp. 400 common at \$5.25 - open market purchase on May 8, 1974. Pierce A. Koslosky, president and director.

Manufacturers Hanover Corp. 27,500 common at from \$38.00 to \$39.50 - open market purchases between March 22, 1974 and March 29, 1974 in six separate transactions of between 1,400 and 9,900 shares. Manufacturers Hanover Trust Co. and certain affiliated companies.

Marine Corp. 200 capital stock at \$29.50 - open market purchases on April 16, 1974, in two separate transactions of 100 shares each. George Parker, director.

Marine Midland Banks Inc. 100 common at \$20% open market purchase on May 14, 1974. Russell H. Knisel, executive vice president.

Marion Laboratories Inc. 1,000 common at \$20% open market purchase on April 24, 1974. Fred W. Lyons Jr., senior vice president and director.

Mechanical Technology Inc. 19,000 common at \$2.00 - private sale on April 29, 1974. Beno Sternlight, director and board chairman.

Medallion Leisure Corp. 500 common at \$2.375 - open market purchase on April 22, 1974. Eugene L. Young, president and director.

Medford Corp. 200 common at \$34.50 - open market purchases on March 12, 1974 and March 13, 1974, in two separate transactions of 100 shares each. Russell J. Hogue, director and president.

Melville Shoe Corp. 4,300 common at \$7.50 - open market purchase on May 7, 1974. Leighton H. Coleman, director.

Microwave Association Inc. 900 common at \$15.75 open market purchase on April 30, 1974. George Ingram Jr., director.

Midwest Bancorporation (Of Ohio) Inc. 100 common at \$38.00 - open market purchase on March 28, 1974. Michael L. Miller, secretary.

Midwestern Fidelity Corp. 200 common at \$11.25 open market purchase on May 8, 1974. William H. Schneebeck, director.

Missouri Public Service Co. 200 common at \$12 1/4 - purchase on April 15, 1974; and 200 common at \$12% - purchase on April 25, 1974. Avis G. Tucker, director.

Mortgage Growth Investors 500 shares of beneficial interest at \$7.00 - open market purchase on April 15, 1974. D. W. Rauscher, trustee.

Mountain Banks Ltd. 315 common at \$18.00 - open market purchase on May 14, 1974. C. Clay Crawford, director.

100 common at \$17.50 - open market purchase on May 9, 1974; and 300 common at \$18.50 - open market purchase on May 10, 1974. John W. Gray, director.

Murray Ohio Manufacturing Co. 2,076 common at \$22.75 - open market sale on April 5, 1974. William M. Hannon, president and director.

Mylee Digital Sciences Inc. 2,000 common at \$2.25 - open market sale on May 21, 1974. Harold B. Abrams, president and director.

Nationwide Corp. 1,000 class A common at \$9.00 open market purchase on May 13, 1974. Dean W. Jeffers, director and general chairman.

New England Bancorp. Inc. 300 common at \$16.00 open market sale on May 1, 1974. Cecil F. Backus Jr., director.

New Jersey National Corp. 1,000 common at \$27.00 private purchase on April 30, 1974. Maurice Gruber, board member.

Newpark Resources Inc. 500 common at \$2% - open market purchase on May 20, 1974. Richard J. Shopf, president and director.

Nibco Inc. 5,000 common at \$13.03 - private purchase on May 6, 1974. James E. Hostetler, executive vice president and director.

NJB Prime Investors 400 shares of beneficial interest at \$5.75 - open market purchase on April 22, 1974. Robert E. Holloway, chairman of the board and trustee.

NJN Bancorporation 200 common at \$27.25 - open market purchase on April 23, 1974. Edward A. Ring, director.

See INSIDER TRADING, page 22

# Insider Trading

Continued from page 21

**North American Mortgage Investors** 600 warrants (1979 series) at \$2.00 - open market sale on March 19, 1974. Marvin L. Olshan, trustee.

**Noxell Corp.** 170 class B (nonvoting) stock at \$31.75 - open market sale on April 4, 1974. William F. Wendler, vice president distribution services.

**Occidental Petroleum Corp.** 1,000 \$3.60 preferred at \$41.00 - purchase on May 2, 1974. John J. Dorgan, vice president and treasurer.

**Olin Corp.** 100 common at \$15 $\frac{1}{2}$  - open market sale on April 23, 1974. Charles V. Mayne, comptroller.

**Optico Inc.** 42,183 common at \$4.50 - private purchase on April 17, 1974. MPO Videotronics Inc., beneficial owner of more than 10 per cent of the company's stock.

**Owens-Corning Fiberglas Corp.** 200 common at \$50.00 - open market sale on April 22, 1974. Charles C. Gifford Jr., vice president - personnel relations division.

71 common at \$49 $\frac{1}{2}$  - open market sale on April 23, 1974. Marshall D. Burch, vice president.

**Owens-Illinois Inc.** 400 common at \$36.00 - sale on April 5, 1974; and 600 common at \$36.00 - sales on April 10, 1974, in two separate transactions of 400 and 200 shares. Richard L. Snideman, director.

**Oxford Industries Inc.** 100 class A common at \$15.00 - open market sale on April 11, 1974; and 100 class A common at \$14.00 open market sale on April 23, 1974. Robert G. Fowler, outside director.

**Patrick Petroleum Co.** 1,000 common: 200 at \$9 $\frac{3}{4}$  and 800 at \$9 $\frac{1}{4}$  - open market sales on April 10, 1974. J. Richard Emens, director and secretary.

**Peavy Co.** 300 common at \$17.00 - open market purchase on May 9, 1974. Harry G. Deaver Jr., vice president - operations flour mills division.

**P E C Industries Inc.** 3,000 common at \$31.00 - open market sale on May 9, 1974. Harvey J. Shein, director.

**Pepcom Industries Inc.** 900 common at from \$6.50 to \$7.37 $\frac{1}{2}$  - open market purchases between March 19, 1974 and April 16, 1974, in a number of transactions. Russell M. Arundel, director.

**Pittsburgh National Corp.** 94 common at \$28.75 open market purchase on May 13, 1974. Robert D. Ferguson, director.

**Physio-Control Corp.** 1,000 common at \$14 $\frac{1}{2}$  - open market purchase on April 4, 1974. Bagley Wright, chairman and director.

**Planet Corp.** 5,000 common at \$2.00 - private purchase on May 10, 1974. R. Bruce Whitaker, executive vice president and treasurer.

**Planning Research Corp.** 4,000 common at \$2 $\frac{1}{2}$  - open market purchases between April 18, 1974 and April 22, 1974, in three separate transactions of between 600 and 2,100 shares. Harrison A. Price, director, secretary and senior vice president.

**Plant Industries Inc.** 10,000 common at \$6.00 - private purchase on May 14, 1974. William H. Roper, director.

**Pott Industries Inc.** 5,000 common at \$29.25 - rule 144 sale on March 15, 1974; and 5,000 common at \$29.00 - rule 144 sale on March 27, 1974. Vern E. Easterling, director and vice president.

**Procter & Gambler Co.** 50 common at \$86.626 - open market sale on April 11, 1974. Edgar H. Lotspeich, vice president.

**Public Service Co. of Colorado** 300 common at \$13.50 - purchase on May 13, 1974. James R. Birrell, vice president and secretary.

**Public Service of Indiana** 1,600 common at \$31.50 private purchase on April 18, 1974. Joseph A. Binford, chairman of the board and director.

**Puritan-Bennett Corp.** 400 common at \$52.50 - open market sale on April 29, 1974. A.E. Maier, vice president.

**Rahall Communications Corp.** 300 common at \$5.50 open market purchase on April 5, 1974. Farris E. Rahall, director and vice president.

**RCA Corp.** 600 common at \$18.50 - open market sale on April 24, 1974. George C. Evanoff, vice president.

**Realty & Mortgage Investors of the Pacific** 100 shares of beneficial interest at \$13.75 - open market purchase on April 4, 1974. Gerald R. MacKenzie, assistant treasurer.

**Redwood Bancorp.** 1,870 common at \$14.50 - open market sale on April 30, 1974. Byron W. Leydecker, president and director.

1,100 common at \$14.50 - open market sale on April 30, 1974. W.J. Waksvik, secretary.

**Republic Financial Services Inc.** 25 common at \$16.50 - open market purchase on April 2, 1974. Russell J. Seifert, assistant vice president.

**Research-Cottrell Corp.** 10,000 common at \$7 $\frac{3}{4}$  - open market sale on May 20, 1974. Richard Hodgson, director.

**Research Fuels Inc.** 1,000 common at \$4.375 - private sale on April 1, 1974. Robert A. Hansen, president, treasurer and director.

**Riley Co.** 100 common at \$12 $\frac{1}{2}$  - open market purchase on May 10, 1974. Warren A. Sommers, vice president.

**Rochester Telephone Corp.** 100 common at \$12.00 open market purchase on May 9, 1974. George S. Beinetti, president and director.

**Rockower Brothers Inc.** 1,493 common: 1,400 at \$10.00 and 93 at \$9.875 - open market sales on April 5, 1974. Richard Lang, director.

**Rocky Mountain Natural Gas Co.** 400 common at \$4.00 - open market purchase on April 26, 1974. Burton P. Smith, director.

**St. Joseph Light & Power Co.** 300 common at \$10.50 - open market purchase on May 16, 1974. Milton Tootle, director.

**Scotten, Dillon Co.** 100 common at \$3.50 - open market purchase on February 19, 1974; and 300 common at \$3.50 - open market purchase on February 22, 1974;

and 500 common at \$3.50 - open market purchase on March 6, 1974. F. Steven Berg, officer and director.

**Scott, Foresman & Co.** 300 common at \$7.875 - open market purchase on April 25, 1974; and 200 common at \$7.75 - open market purchase on April 25, 1974. Gordon R. Hjalmarson, director and president.

**Shaw Barton Inc.** 150 common at \$11.00 - private purchase on April 24, 1974. Chester K. Cuth, director.

**Shop Rite Foods Inc.** 9,000 common at from \$5 $\frac{3}{4}$  to \$5 $\frac{1}{2}$  - open market purchases between April 11, 1974 and April 25, 1974, in four separate transactions, two of 1,500 and two of 3,000 shares. Piggly Wiggly Corp., T.W. Koetter, vice president - finance.

**Silver King Mines Inc.** 3,000 lettered common at from \$2.48 to \$2.70 - private purchases on May 1, 1974, in six separate transactions of 500 shares each. Edward P. Scott, director.

**Simson Industries Inc.** 200 common at \$11.05 - open market purchase on April 26, 1974. Walter J. Kirchberger, director.

**Smoke-Craft Inc.** 3,000 common at \$0.75 - open market purchase on April 30, 1974. Robert H. Mikkelsen, director.

**Source Capital Inc.** 18,000 common at from \$9 $\frac{3}{4}$  to \$9 $\frac{1}{4}$  - open market purchases between April 2, 1974 and April 24, 1974 in nine separate transactions of between 1,000 and 6,000 shares. Charles T. Munger, director.

**South Carolina Electric & Gas Co.** 100 common at \$14 $\frac{1}{2}$  - open market purchase on May 10, 1974; and 200 common at \$15.00 - open market purchase on May 10, 1974. George Lott Jr., director.

**Southern California Edison Co.** 300 common at \$17.75 - open market purchase on April 29, 1974. Sherman F. Buese, vice president. 100 cumulative preferred, 8.85 per cent series at \$25.00 - open market purchase on April 24, 1974. David J. Fogarty, vice president.

100 cumulative preferred, 8.85 per cent series at \$25.00 - open market purchase on April 24, 1974. C.D. Lester, secretary.

**Southern National Corp.** 500 common at \$21.00 private sale on May 8, 1974. C. B. Sears, chairman of the executive committee.

**Southern Natural Resources Inc.** 100 common at \$50 $\frac{1}{2}$  - open market sale on April 7, 1974. William E. Matthew IV, vice president.

**Strawbridge & Clothier** 100 common at \$24.00 - purchase on December 28, 1973. Winthrop deV. Schwab, director, executive vice president and treasurer.

**Surety Financial Corp.** 4,000 common at \$3.50 private sale on January 21, 1974. Lewis T. Ellsworth, chairman of the board.

**Texfi Industries Inc.** 500 common at \$9.00 - open market purchase on March 19, 1974. Ludwig Kuttner, beneficial owner of more than 10 per cent of the company's common stock.

**Textiles-Inc.** 300 common at \$11.00 - open market purchase on May 15, 1974. James H. Martin Jr., president and director.

**Topsy's International Inc.** 1,000 class A common at \$1.50 - open market purchase on May 10, 1974. James T. House, president.

**Toreador Royalty Corp.** 1,000 common at \$2 $\frac{1}{2}$  private purchase on April 2, 1974; and 2,000 common at \$2 $\frac{1}{2}$  - private purchase on April 24, 1974. Clarence T. McLoughlin (no relationship to company given).

**Triumph Industries Inc.** 2,000 common at \$0.75 - purchase on April 25, 1974. president. Hal M. Zimmerman, director and

**Tri-Wall Containers Inc.** 3,392 common at \$19.00 sale upon merger on May 10, 1974. Bertha Rose, secretary.

**Tucson Gas & Electric Co.** 300 common at \$9.125 open market purchase on May 15, 1974. Theodore M. Welp, senior vice president - finance, and director.

100 common at \$9.25 - open market purchase on May 14, 1974. Joseph B. Wilcox, vice president.

**Tyler Corp.** \$14,000 five per cent convertible subordinated debentures at \$72 $\frac{1}{2}$  - open market purchase on April 17, 1974. Neil J. O'Brien, secretary and director.

**Unifi Inc.** 13,886 common at \$5.00 - private sale on April 11, 1974. Kenneth G. Langone, director.

**Union Bancorp. Inc.** 2,000 common at \$12.25 - open market purchase on April 19, 1974. Steve Brody, director.

**United Savings & Loan Association** 200 common at \$10.50 - open market purchase on April 2, 1974; and 310 common at \$10.50 - private purchase on April 4, 1974. Harold Evans, treasurer and director.

**United States Banknote Corp.** 2,500 common at \$1 $\frac{1}{2}$  - open market purchases between April 11, 1974 and April 26, 1974, in three separate transactions one of 500 and two of 1,000 shares. William J. vanden Heuvel, director.

**United States Fidelity & Guaranty Co.** 50 common at \$31.00 - open market purchase on May 13, 1974. J. Stevenson Peck, director.

**United Telecommunications Inc.** 300 common at \$14.75 - open market purchase on April 23, 1974. W. W. Hill, vice president.

**Univar Corp. (formerly VWR United corp.)** 500 common at \$15.00 - open market purchase on April 30, 1974. Clarence W. Bengston, treasurer.

**USLIFE Corp.** 1,000 common: 500 at \$14.625 and 500 at \$14.250 - open market purchases on May 16, 1974. Gordon E. Crosby Jr., chairman of the board and chief executive officer. 200 common at \$16.75 - open market purchase on May 14, 1974. John J. Scanlon, director.

**Valley Gas Co.** 500 common at \$9.25 - open market sale on April 29, 1974. Charles V. McCaffrey, president.

**Vanderbilt Gold Corp.** 20,000 common at \$1.00 - exercise of warrants on April 1, 1974. Kenneth O. King, chairman of the board and director.

15,000 common at \$1.00 - exercise of warrants on April 1, 1974. B. L. Ryle, director.

**Vandorn Co.** 200 common: 100 at \$7.375 and 100 at \$7.25 - open market purchases on April 4, 1974; and 100 common at \$6.75 open market purchase on April 5, 1974. Lemotto Smith, director.

**Virginia Electric & Power Co.** 100 common at \$13.75 - open market purchase on April 1, 1974. Shirley S. Pierce, director.

**Voplex Corp.** 300 common at \$9.00 - sold on April 10, 1974. Roy J. Lingg, director.

**Wackenhut Corp.** 500 common at \$7 $\frac{1}{2}$  - purchase on May 7, 1974. Cecil L. Wright, director.

**Washington Gas Light Co.** 300 common: 200 at \$15 $\frac{1}{2}$  and 100 at \$15 $\frac{1}{2}$  - open market

See INSIDER TRADING, page 23

# Insider Trading

Continued from page 22

purchase on May 20, 1974. Herbert L. Munday, assistant vice president - finance.

Washington Natural Gas Co. 1,000 common at \$11.50 - open market purchase on April 16, 1974. Edward F. Owen, director.

Welded Tube Co. of America 2,700 common at from \$3.875 to \$4.00 - open market purchases on April 22, 1974 and April 27, 1974, in three separate transactions of between 200 and 1,800 shares; and 1,300 common at from \$3.875 to \$4.00 - open market purchases on May 6, 1974 and May 7, 1974, in three separate transactions of between 100 and 1,000 shares. Richard H. Landis, vice president - market development.

Wells Fargo Mortgage Investors 1,000 shares of beneficial interest at \$15.75 - purchase on April 9, 1974. John A. Hill, trustee.

Westates Petroleum Co. 300 common at \$2.75 - open market purchase on April 9, 1974; and 700 common at \$2.75 - open market purchase on April 10, 1974. Fred D. Murray, director, executive vice president and secretary.

Westburne International Industries Ltd. 200 common at \$10.00 - private purchase on May 15, 1974. Lorne R. Roberts, secretary and controller.

Western AirLines Inc. 800 capital stock at \$12.00 - sale on March 29, 1974. Peter P. Wolf, vice president - communications.

Willington Technical Industries Inc. 1,000 common at \$1.25 - open market purchase on April 30, 1974; and 31 \$4 cumulative convertible preferred series A at \$15.00 - private purchase on April 30, 1974. Richard C. Wellington, director.

Youngstown Steel Door Co. 500 common at \$13.00 sale on April 5, 1974. John Sherwin, director.

Zenith United Corp. 10,000 common at \$2 1/4 - open market purchase on April 1, 1974; and 1,500 common at \$2 3/4 - open market purchase on April 23, 1974. Arthur I. Appleton, director.

Zirconium Technology Corp. 8,000 common at \$0.50 private sale on April 15, 1974. Orval N. Thompson, director and secretary.

## Insider Trading Part 2

Acme General Corp. 1,000 common at \$5.625 - purchase on May 3, 1974. 1,830 common at \$5.625 - purchase on April 30, 1974. Robert B. Hezlep, director, V.P., beneficial owner of more than 10 per cent of company's common stock.

Alabama Bancorp. 5,000 common at \$39.56 - private purchase on April 30, 1974. Edward A. Hirs, director. 5,000 common at \$39.56 - private sale on April 30, 1974. A. Danner Frazer, director.

Albertson's Inc. 15,000 common at \$15.59796 - sale on April 17. 14,000 common at (price not given) on April 25, 1974. Barbara Jean Rasmussen.

Alton Box Board Co. 1,223 shares common at: - 1,000 at \$33.00 and 223 at \$33 1/2 - open market sale on April 1, 1974. 1,819 common: 1,619 shares at \$30.00 and 200 shares at \$31.00 - open market sale on March 4, 1974.

Martin W. Nixon, director, assistant secretary and assistant treasurer.

American Bankcorp. Inc. 42 common at \$46.00 - open market purchase on March 13, 1974. William J. Porter, Jr. director.

American Finance System Inc. 420 common at \$13.25 - open market sale on February 19, 1974. James Ashley Barnes, director.

Appalachian Resources Co. 20,000 common at \$4.5625 - sale on April 18, 1974. 3,000 common at \$4.875 - sale on April 18, 1974. John B. Long, chairman of board.

Applied Power Inc. 400 common at \$9.985 - private purchase from company on May 15, 1974. Charles I. Post, treasurer.

Arabian Shield Development Co. 1,000 common at \$3.50 - open market sale on March 2, 1974. 1,000 common at \$3.75 - open market sale on March 29, 1974. Jack A. Crichton, director and president.

Associated Madison Companies Inc. 1,000 common at \$3.625 - open market purchase on April 25, 1974. Milton A. Schiff, director and president.

Atlantic American Corp. 600 common at \$2.50 - open market sale on April 15, 1974. 2,400 common at \$2.50 - open market sale on April 15, 1974. Craig R. Murray, director and president.

Bangor Hydro-Electric Co. 500 common at \$13.00 - sale on May 1, 1974. Robert N. Haskell, president-director.

Barton's Candy Corp. 5,700 common at \$2.50 - open market sales in seven separate transactions between April 2-30, 1974. Stephen Klein, chairman of the board.

Beneficial Corp. 100 common at \$21.375 - open market purchase on March 4, 1974. 100 shares common at \$19.00 - open market purchase on April 19, 1974. Leon A. Fufts, director.

Browning-Ferris Industries Inc. 2,500 common disposed of by gift on April 1, 1974. 6,546 common at \$11.125 - open market purchase on April 3, 1974. 1,400 common at \$11.50 - open market purchase on April 29, 1974. 54 common at \$11.375 - open market purchase on April 29, 1974. Harry J. Phillips, president and director.

B.T. Mortgage Investors 1,000 common at \$10.00 - open market purchase on April 8, 1974. Park Thomas Adikes, trustee, chairman of executive committee, vice president and treasurer.

Budget Industries Inc. 900 common at \$5.25 - open market purchase on April 22, 1974. 100 common at \$5.25 - open market purchase on April 23, 1974. Charles S. Offer, president and chairman.

CCNB Corp. 825 common at \$16.00 - open market purchases on April 19, 1974 in three separate transactions. Gerald N. Hall, director.

Champion Parts Rebuilders Inc. 1,200 common at \$5.00 a share cash purchases on May 14, 1974 in three separate transactions. Raymond F. Gross, director and senior vice president.

Chicago & Eastern Illinois Railroad 4,400 common at \$13.25 open market purchases on April 5, 1974. 15,000 common at \$14.50 -

open market purchases on April 30, 1974. Missouri Pacific Railroad Co., direct beneficial owner more than 10 per cent of the common stock.

Colonial Bancorp Inc. 88 common at \$21.50 - open market purchase on March 14, 1974. 100 common at \$21.50 - open market purchase on March 12, 1974. Russell G. McMillen, director. 100 common at \$21.50 - open market purchase on March 5, 1974. 500 common at \$19.75 - open market purchase on April 2, 1974. Harold Leever, director. 150 common at \$21.50 - open market purchase on March 7, 1974. Charles T. Kellogg, director.

Colorado National Bankshares Inc. 1,866 common at \$17.50 - open market purchase on April 8, 1974. Nicholas R. Petry, director.

Commonwealth Telephone Co. 200 common at \$22.50 - open market purchase on April 24, 1974. Clarence Judd Fitze, director.

Compac Corp. 300 common at \$2.125 - open market purchase on April 3, 1974. 200 common at \$2.00 - open market purchase on April 5, 1974. 800 common at \$2.00 - open market purchase on April 10, 1974. George J. Anast, vice president. 200 common at \$2.25 - open market purchase on March 15, 1974. 200 common at \$2.50 - open market purchase on March 21, 1974. 500 common at \$2.25 - open market purchase on March 26, 1974. George J. Anast, vice president.

ConAgra Inc. 204 common at \$7.50 - sale on May 1974. William P. Dolan, vice president.

Consyne Corp. 100 common at \$6.75 - sold on April 22, 1974. 1,000 common at \$6.50 - sold on April 22, 1974. 900 common at \$6.75 - sold on April 23, 1974. Howard Milster Lang, director.

Continental Care Centers Inc. common at \$5.75 - purchased on Inc. 550 April 5, 1974. John H. Murray, director and Vice President.

Data Link Corp. 11,600 common at 70 cents - sale on May 6, 1974. Donald F. Sheahan, treasurer.

Diamond International Corp. 1,000 common at \$27.625 - open market purchase on April 25, 1974. 500 common at \$27.625 - open market purchase on April 25, 1974. 2,500 common at \$30.75 - open market purchase on March 15, 1974. William A. Shea, director.

DPF Inc. 24 5 1/2 per cent subordinated convertible debentures due 1987 at: 24 bonds at \$51.00 - open market sale on April 25, 1974. 65 1/2 per cent convertible debentures due at \$50.00 - open market sale on April 26, 1974. Jerome H. Naftol, vice president - finance administration and treasurer.

Empire General Corp. 500 common at \$2.375 - purchase on April 16, 1974. 300 common at \$2.50 - purchase on April 29, 1974. George J. Laikin, director.

Environmental Corp. 1400 common: 1,000 at \$3.00; and 400 at \$3.125 - open market sale on April 26, 1974. Russell S. Nyquist, director.

Financial Federation Inc. 100 capital at \$11.00 - purchase on May 8, 1974. 100 capital at \$10.75 - purchase on May 15, 1974. 100 capital at \$10.375 - purchase on May 15, 1974. 100 capital at \$10.00 - purchase on May 16, 1974. Richard M. Desmet, director, executive vice president.

First Commercial Bank Inc. 100 common at \$13.00 - open market purchase on April 26, 1974. William P. Tolley, director.

First Paramount Equity Corp. 500 Class A at 68.75 cents - purchase on May 2, 1973 and

1,000 Class A at 68.75 cents - purchase on May 9, 1973. Edward H. Held, president.

First Valley Corp. 180 common at \$50.00 - open market purchase on May 17, 1974. 180 common at \$49.00 - open market purchase on May 20, 1974. Richard H. Demmy, director.

General Energy Corp. 400 common at \$14.50 - open market sale on March 22, 1974. 500 common at \$15.625 - open market sale on April 17, 1974. 500 common at \$15.50 - open market sale on April 17, 1974. 600 common at \$16.50 - open market sale on April 18, 1974. Robert Greeg Stone Jr. director.

W.W. Grainger Inc. 3,000 common at \$34.50 - open market sale on May 15, 1974. 1,747 class B (price not given) on May 1, 1974. 4,416 common (price not given) on May 1, 1974. Edward F. Schmidt, vice chairman of the board and director.

Gray Drug Stores, Inc. 100 common at \$8.00 - open market purchase on April 15, 1974. 70 common at \$8.00 - open market purchase on April 16, 1974. Kenneth Frey,

Great American Mortgage Investors 1,000 shares of beneficial interest at \$32.00 - open market sale on January 14, 1974. Yancey L. Shaver, vice president. 3,000 shares of beneficial interest at \$9.00. Open market purchase on May 3, 1974. Paul S. Nadler, trustee.

Hallamore Inc. 7,070 capital at \$5.00 - open market purchase on May 8, 1974. Harold W. Anderson, president and director.

Hipotronics.75 Inc. 200 common at \$4.75 - open market purchase on April 2, 1974. 300 common at \$4.875 - open market sale on April 4, 1974. Paul Porzelt, director.

Horizon Bancorp. 500 common at \$10.50 - open market purchase on May 8, 1974. 500 common at \$9.88 - open market purchase on May 14, 1974. S.B. Penick Jr., director.

Imperial Industries Inc. 2,988 common at \$5.50 - open market purchase on April 1, 1974. 9,000 common at \$5.25 - open market purchase on April 8, 1974. 1,998 common at \$5.625 - open market purchase on April 19, 1974. 100 common at \$5.375 - open market purchase on April 26, 1974. Eugene C. Ferri Jr., director.

Jewel Companies Inc. 100 common at \$35.97 - open market sale on March 18, 1974. George L. Clements, director.

Lafayette Radio Electronics Corp. 500 common at \$5.50 - purchase on April 22, 1974. Pellegrino Morgillo, vice president engineering.

Larwin Realty and Mortgage Trust 1,000 shares of beneficial interest at: 500 at \$8.875 and 500 at \$9.00 - purchase on April 23, 1974. Willis M. Holtum, trustee.

The Lubrizol Corp. 1,000 common at \$35.50 - open market purchase on May 1, 1974. 100 common - stock dividend on September 3, 1971. 8,900 common - stock dividend on September 3, 1971. Raymond Quintin Armington, director.

M&T Mortgage Investors 500 shares of beneficial interest at \$7.00 - open market purchase on April 18, 1974. 500 shares of beneficial interest at \$6.50 - open market purchase on April 29, 1974. 43,1523 shares of beneficial interest at \$6.50 - purchase through shareholders savings plan on April 30, 1974. Jerome L. Howard, president, treasurer and trustee.

Maine Central Railroad Co. 50 preferred at \$54.00 - purchase on April 24, 1974. 50 preferred at \$40.00 - purchase on April 27, 1973. 40 preferred at \$60.00 - purchase on June 30, 1972. Farnham W. Smith, director.

See INSIDER TRADING, page 24

# Insider Trading

Continued from page 23

Midland Mortgage Investors Trust 100 shares of beneficial interest at \$12.75-open market sale on March 25, 1974. 200 shares of beneficial interest at \$12.625 - open market sale on March 25, 1974. Alan C. Henderson, assistant treasurer.

Minnesota Natural Gas Co. 471 common at \$19.50-open market purchase on April 2, 1974. Robert J. Lloyd, director.

North American Philips Corp. 14 common at \$18.75-open market transaction on April 26, 1974. 400 common at \$18.625-open market transaction on April 26, 1974. 100 common at \$18.50-open market transaction on April 29, 1974. Hendrick J.R.G. Hartong Jr., vice president Group executive.

Northeast Utilities 300 common at \$7.625-purchase on May 15, 1974. Everett A. Larson, controller.

Northwest Industries Inc. 300 warrants at \$12.00-sale pursuant to company's offer to purchase on April 3, 1974. 950 warrants at \$12.00-sale pursuant to company's offer to purchase on April 1, 1974. Paul Joseph Weir, vice president-finance.

OKC Corp. 1,000 common at \$25.25 - open market purchase on April 25, 26, 1974. Dr. Jorge Perez-serrano, director.

Olympia Brewing Co. 100 common at \$16.50- market purchase on April 2, 1974. 800 common at \$16.25-open market purchase on April 2, 1974. Alfred J. Gagnon, director.

PEC Industries Inc. 1,000 common at \$30.25-open market sale on March 19, 1974. 840 common transferred and disposed of on March 19, 1974. Arthur I. Snyder, assistant secretary and director.

Pneumo Corp. 300 common at \$5.500 - open market purchase on May 6, 1974. John Chester Owen, vice president.

St. Paul Companies Inc. 50 common at \$26.75-open market purchase on May 14, 1974. Robert A. Sheppard Jr., vice president.

Sandgate Corp. 500 common at \$2.875-open market purchase on March 18, 1974. 500 common at \$2.875 - open market purchase on March 19, 1974. David Reich, senior vice president.

Security Capital Corp. 1,250 common at \$2.13 - open market purchase on April 29, 1974. Morton P. MacLeod, director and president.

Sernco Inc. 1,433 common at \$2.86-purchase on February 19, 1974. Jacques S. Warshauer, director.

Sige International Inc. 200 common at \$3.00-open market purchase on April 3, 1974. 50 common at \$3.00-open market purchase on April 4, 1974. 200 common at \$2.50-open market purchase on April 25, 1974. Leonard A. Rockoff, secretary treasurer and director.

Snelling and Snelling Inc. 2,000 common at .875 cents open market purchases between April 2, 1974 and April 25, 1974 in four separate transactions. Charles B. Fulton, Jr. director, assistant to the chairman of the board.

Southwest Florida Banks, Inc. 174 common at \$13.50-open market purchase on

February 1, 1974. John C. Pinkerton, director.

Sullivan County Harness Racing Association, Inc. 500 common at \$3.00-private purchase on April 17, 1974. 833 common at 40 cents -private purchase on April 17, 1974. David Levinson, vice president and director.

Survival Technology, Inc. 700 common at \$12.00-open market sale on May 9, 1974. .... 502 common at \$11.00-open market sale on May 14, 1974. 213 common at \$11.50 -open market sale on May 14, 1974. Nelson M. Loud, director.

Transcontinental Oil Corp. 1,000 common at \$4.00- open market sale on January 17, 1974. 1,500 common at \$4.125 -open market sale on January 18, 1974. 4,500 common at \$4.00-open market sale on January 23, 1974. Edwin B. Sackett, chairman of the board.

Triumph Industries Inc. 2,000 common at - purchase on April 24, 1974. Carl Paschetag, director and secretary.

Tri-Wall Containers, Inc. 2,423 common at \$19.00-sale upon merger on May 10, 1974. Anthony M. Spinks, vice president - european operations.

TRW Inc. 656 common: 300 at \$16.75 and 300 at \$16.75 and 300 at \$16.625-open market sale on May 8, 1974. 248 preferred at: - 100 at \$52.00 and 100 at \$52.00 and 48 at \$51.875 open market sale on May 8, 1974. Wilson H. Oelkers, vice president.

UAL Inc. 100 common at \$26.00-open market purchase on May 16, 1974. 23 common at \$25.875 -open market purchase on May 17, 1974. Ralph T. Glasson, vice president.

Union Electric Co. 1,500 common at \$13.50-open market purchase on April 26, 1974. 300 common at \$13.50-open market purchase on April 26, 1974. Charles J. Dougherty, president and director.

Union Pacific Corp. 64 common at \$30.625-open market sale on May 2, 1974. Richard N. Little, vice president.

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## Companies in Registration

### A&W RESTAURANT PROPERTIES

460 South Spring Street, Los Angeles, CA, Feb. 28, 1974 filed 7,000 shares of beneficial interests, to be offered at \$1,000 per share. Proceeds will be used to purchase A&W family restaurants developed by A&W International Inc., a subsidiary of United Brands Co. Bateman Eichler, Hill Richards, Inc., Los Angeles, CA, will manage the underwriting. Offering expected in late June.

### AMERICAN BRANDS, INC.

245 Park Ave., NY, March 1, 1974 filed \$100,000,000 of debentures due 1999; and \$50,000,000 of notes due 1982, both to be offered at 100 per cent. The company, which is one of the largest manufacturers of tobacco products, and engages in foods, beverages and various other business, will use its proceeds for debt repayment. Morgan Stanley & Co., Inc., NY, will manage the underwriting.

### AMERICAN GENERAL INSURANCE CO.

2727 Allen Parkway, Houston, TX, April 22, 1974 filed \$100,000,000 of subordinated debentures due May 1, 1994, exchangeable into common stock of Texas Commerce Bancshares, Inc., through 1979, and with interest thereafter at 6 1/2 per cent annum. The company is primarily engaged through subsidiaries in the life and health insurance, and liability insurance businesses, and also renders other financial services, including mortgage banking, and management and distribution services of mutual funds. Texas Commerce Bancshares is the fourth largest bank holding company in Texas. Proceeds will be used for debt retirement and for other corporate purposes. Goldman, Sachs & Co.; Lehman Brothers Inc.; and Keefe, Bruyette & Woods Inc., NY, will manage the underwriting. Offering expected June 17.

### BORG WARNER ACCEPTANCE CORP.

1 IBM Plaza, Chicago, IL, Jan. 9, 1974 filed \$50,000,000 of senior debentures due Feb. 1, 1999, to be offered at 101 per cent. The company, which is engaged in the finance business, will use its proceeds for debt repayment. Goldman, Sachs & Co., NY, will manage the underwriting. V.217, p.224.

### BRUCE-LAKE INDUSTRIES INC.

390 East Lincoln Highway, Coatesville, PA, Feb. 28, 1974 filed 550,000 shares of common, to be offered at \$6 per share (50,000 shares to provide for over allotment). The company, which manufactures and markets tubular steel poles to support high voltage electric power transmission lines, will use the proceeds to purchase capital equipment, reduce debt, and as working capital. Phillips, Appel & Walden, Inc., NY, will manage the underwriting. Offering expected in July. (I)

### J.P. CABOT SHORT-TERM FUND, INC.

104 South Central Ave., Valley Stream, NY, May 1, 1974 filed 5,000,000 shares of common, to be offered at \$1 per share. The company is a no-load, non-diversified, open-end investment company. J.P. Cabot Advisory Corp., Valley Stream, NY, is the adviser. Offering expected on July 1. (I)

### CAESARS WORLD, INC.

1900 Ave. of the Stars, Los Angeles, CA, May 22, 1974 filed \$18,000,000 of subordinated sinking fund debentures, to be offered at 100 per cent in connection with an exchange offer to holders of the company's common. E.F. Hutton & Co., Inc., NY, will manage the underwriting. V. 219 7409, p. 45.

### CAL-TEX SEMICONDUCTOR, INC.

2390 Walsh St., Santa Clara, CA, Dec. 17, 1973 filed 402,500 shares of common, to be offered at \$17 per share; and 24,375 shares of common, to be offered at \$20.40 per share. The company, which is engaged in the design, manufacture and marketing of integrated circuits, will use its proceeds for expansion, debt retirement, and for general capital purposes. Bateman Eichler, Hill Richards, Inc., Los Angeles, CA, will manage the underwriting. V.218, p.1801.

### CENCOR, INC.

1003 Walnut, Kansas City, MO, May 15, 1974 filed \$5,000,000 of subordinated notes; and \$5,000,000 of junior subordinated notes, both to be offered at 100 per cent. The company, which is in the business of personal services, including consumer finance, day care and pre-school learnings, temporary help, tax return preparation and paramedical education, will use the proceeds to reduce short-term indebtedness.

### CHRYSLER FINANCIAL CORP.

16250 Northland Dr., Southfield, MI, March 8, 1974 filed \$100,000,000 of notes due 1981, to be offered at 100 per cent. The company, which is engaged in the wholesale and retail financing of Chryslers, will add its proceeds to its general funds, and, to pay for company debentures

due May 1, 1974. Merrill Lynch, Pierce, Fenner & Smith Inc.; and First Boston Corp., NY, will manage the underwriting. V.218, p.1505.

### CITY OF HELSINKI

Finland House, 540 Madison Ave., NY, Feb. 21, 1974 filed \$25,000,000 of external loan bonds, due March 15, 1999 to be offered at 100 per cent. Proceeds will be added to the general funds of the city and used for improvements. Merrill Lynch, Pierce, Fenner & Smith Inc., NY, will manage the underwriting.

### CONSOLIDATED EQUITIES PARTNERS, LTD.

1280 West Peachtree St., Atlanta, GA, May 16, 1974 filed 10,000 units of limited partnership interests, to be offered at \$500 per unit, with a minimum purchase of 5 units. Financial Service Corp. of America Atlanta, GA, is the depositor. Offering expected in September.

### CURRENT INTEREST, INC.

711 Polk St., Houston, TX, May 1, 1974 filed 1,500,000 shares of common, to be offered at \$10 per share. The company is a no-load, diversified, open-end investment company. Fund, Inc., Houston, TX, is the advisor. Offering expected on June 10. (I)

### CUMMINS ENGINE CO., INC.

432 Washington St., Columbus, IN, May 16, 1974 filed 250,000 shares of cumulative convertible preferred, to be offered at \$100 per share; and an indeterminate amount of common, issuable upon conversion of the preferred. The company manufactures and sells a diversified line of diesel engines. Proceeds will be used for capital expenditures and working capital requirements. First Boston Corp., NY, will manage the underwriting. Offering expected on June 12. V.219, 7399, p.26.

### DONBAR DEVELOPMENT CORP.

405 LEXINGTON Ave., NY, April 29, 1974 filed 770,000 shares of common, to be offered at \$3.50 per share; and 70,000 shares of common, to be offered at \$10 per share, issuable upon exercise of warrants. The company, which is engaged in limited producing licensing of a new heat transfer device known as rotary heat exchanger, will use the proceeds to repay debt, for capital equipment, and for product development. Phillips, Appel & Walden, Inc., NY, will manage the underwriting. Offering expected in early July.

### ENTERTAINMENT COMMUNICATIONS, INC.

555 City Line Ave., Bala Cynwyd, PA, Dec. 28, 1973 filed 100,000 units consisting of 1 share of common and 1 callable warrant to purchase 1 share of common, to be offered at \$15 per share; 10,000 units, consisting of 1 share of common and 1 callable warrant to cover over allotment, to be offered at \$15 per share; 10,000 warrants, to be offered at \$0.01 per warrant, 110,000 shares of common, to be offered at \$22.50 per share, reserved for issuance upon exercise of warrants; and 10,000 shares of common, to be offered at \$18 per share issuable upon exercise of warrants. The company, which is in the

## Important Notice

The tabulations excluded issues filed prior to October 1973 for which specific offering dates have not been announced. These issues will be reinstated when information regarding the dates when the offerings are to be made is available.

business of radio broadcasting, will use its proceeds for reduction of bank loans incurred in connection with the acquisition of radio stations. Babbitt, Meyers & Waddell, Pittsburgh, PA, will manage the underwriting. (I)

### EUROPEAN COAL & STEEL COMMUNITY (ECSC)

c/o Jon Ato Krag, 2100 M. St. Washington, D.C. March 12, 1974 filed \$25,000,000 of sinking fund bonds due April 1, 1999; and \$25,000,000 of notes due April 1, 1979, both to be offered at \$1,000. This ECSC, which under a treaty is to aid the development of the economies of the member states through the creation of a common market for coal and steel, will use its proceeds to finance part of the cost of projects for the modernization and improvement of coal and steel production, and or the re-employment of labor with the "ECSC". Kuhn, Loeb & Co.; First Boston Corp.; Lazard Freres & Co.; and Warburg-Paribas, Inc., NY, will manage the underwriting.

### EXTRACTABLE RESOURCES INC.

1411 Walnut St., Philadelphia, PA, March 22, 1974 filed 4,840,000 shares of common (including 440,000 shares to cover over-allotment), to be offered at \$12.50 per share. The company, which is a new, diversified, closed-end management investment company, will invest primarily in companies engaged in some form of the extractable resources business. Bache & Co., Inc.; and Harris, Upham & Co., Inc., NY, will manage the underwriting.

### FOXBORO CO.

38 Neponset Ave., Foxboro, MA, April 3, 1974 filed

\$25,000,000 of convertible subordinated debentures due 1994, to be offered at 100 per cent. The company manufactures and distributes instrumentation and systems for process management and control. Proceeds will be used to repay debt and for working capital. Paine, Webber, Jackson & Curtis Inc., NY, will manage the underwriting.

### GAMBLE-SKOGMO, INC.

5100 Gamble Drive, Minneapolis, MN, May 6, 1974 filed \$65,000,000 of subordinated income capital notes due 2004, to be offered at 100 per cent. The company, which is engaged in retail and wholesale merchandising business, will use the proceeds for general corporate purposes. Edwards & Hanly NY, will manage the underwriting. Offering expected July 1. V.218, p.1213.

### GENERAL SIGNAL CORP.

280 Park Ave., NY, March 29, 1974 filed 1,200,000 shares of common, to be offered at \$43.75 per share by a selling stockholder. Blyth Eastman Dillon & Co. Inc.; Kuhn, Loeb & Co.; and Paine, Webber, Jackson & Curtis, Inc., NY, will manage the underwriting.

### GOLD & MINERALS CO.

1522 K St., N.W. Washington, D.C., April 30, 1974 filed 300,000 shares of common, to be offered at \$2.50 per share; and 30,000 shares of common, to be offered at \$3.20 per share, issuable upon exercise of warrants. Brownlee Corp., Washington, D.C., will manage the underwriting. Offering expected in early June. (I)

### HOMCO INTERNATIONAL, INC.

3701 Holmes Rd., P.O. Box 2442, Houston, TX, March 11, 1974 filed 580,000 shares of common, to be offered at \$12.50 per share, (275,000 shares by the company; 275,000 shares by selling shareholders; and 30,000 shares for over-allotment). The company, which supplies oilfield services will use the proceeds to acquire certain new equipment, to retire debt, and to increase working capital. Rauscher Pierce Securities Corp. Dallas, TX, will manage the underwriting. Offering expected in June. (I)

### HOOKER CHEMICAL CORP.

1900 St. James Pl., Houston, TX, March 13, 1974 filed 2,500,000 shares of common. The company produces and markets industrial chemicals equipment and processes agricultural chemical fertilizers and related products, and conducts oil & Gas operations. Kidder, Peabody & Co. Inc.; and Blyth Eastman Dillon & Co. Inc., NY, will manage the underwriting. Offering expected in June. V.218, p.1.

### INDUSTRIAL DEVELOPMENT BANK OF ISRAEL, LTD.

9 Ahad haam, Tel Aviv, Israel, Nov. 30, 1973 filed \$50,000,000 of 7 1/2 per cent registered capital notes, due 1999, to be offered at \$1,000 per note to non-residents of Israel. Proceeds will be used as part of the capital of the Bank. Capital for Israel, Inc. will manage the underwriting. V. 203, p. 1342.

### INFORMATION MAGNETICS CORP.

5743 Thornwood Dr., Goleta, CA, April 17, 1974 filed 484,000 shares of common (300,000 of which are offered by company, 140,000 by selling shareholders, and 44,000 for over-allotment), to be offered at \$7 per share. The company, which designs, manufactures and sells magnetic recording heads used principally in computer memory systems, will use the proceeds to reduce debt. New York Securities Co., Inc., NY; and Seldner, Arnett, Spillane & Harris, Inc., Los Angeles, will manage the underwriting. Offering expected in early June.

### INTERNATIONAL HARVESTER CO.

401 North Michigan Ave., Chicago, IL, May 17, 1974 filed \$150,000,000 of sinking fund debentures due 2004, to be offered at 100 per cent. The company manufactures and sells self-propelled heavy machinery and vehicles. Proceeds will be used to reduce short-term indebtedness. Morgan Stanley & Co., Inc., NY, will manage the underwriting. Offering imminent. V.219, 7407, p.6

### JACUZZI BROS. INC.

11511 New Benton Highway, Little Rock, AR, Nov. 14, 1973 filed 430,000 shares of common (185,076 by the company and 44,924 by selling shareholders) to be offered at \$22 per share. The company designs, manufactures and sells pumps and water systems. Proceeds will be used for capital expenditure and working capital. William Blair & Co., Chicago, IL; and Salomon Brothers, NY will manage the underwriting.

### MANITOBA HYDROELECTRIC BOARD

1251 Ave., of the Americas, NY, May 23, 1974 filed \$75,000,000 of bonds, series 3E, due June 15, 2004. Proceeds will be used for construction. Merrill Lynch, Pierce, Fenner & Smith Inc.; First Boston Corp.; Salomon Brothers; Wood Gundy Inc.; and Richardson Securities Inc., NY NY, will manage the underwriting. Offering expected June 19. V. 218, p.1139.

### MATRIX COMMODITIES, INC.

8 King St., NY, Oct. 29, 1973 filed 200,000 shares of Class A common, to be offered at \$5 per share. The company is in the business of trading commodity futures. Phillips, Appel & Walden, Inc., NY will manage the underwriting. Offering June 17.

### METAL SALES MANUFACTURING CORP.

4001 Produce Lane, Louisville KY, Nov. 6, 1973 filed 50,000 shares of cumulative preferred stock with a par

value of \$15, to be offered at \$20 per share; 15,000 shares of common, issuable upon exercise of warrants, to be offered at \$8.75 per share; and 15,000 warrants to purchase common. The company manufactures and markets metal roofing and siding panels. Proceeds will be used to provide funds for additional working capital. The Ohio Co., Columbus, OH will manage the underwriting.

### MODKON CORP.

P.O. Box 83, Shawseen Village Station, Andover, MA, April 26, 1974 filed 325,000 shares of common, to be offered at \$21.50 per share (150,000 shares offered by the company, 150,000 by selling shareholders, and 25,000 to cover over-allotment). The company, which develops, manufactures and sells programmable controllers and associated equipment, will use the proceeds to repay debt, to finance product development, additions to plant and equipment, and to provide additional capital to finance growth. Alex Brown & Sons, Baltimore, MD; and Tucker, Anthony & R.L. Day, NY, will manage the underwriting. Offering expected in June 19.

### NORTHWEST ACCEPTANCE CORP.

310 Northeast Oregon St., P.O. Box 14490, Portland, OR, April 29, 1974 filed 325,000,000 of intermediate term senior notes, to be offered at 100 per cent. The company, which is in the business of financing capital equipment, will use the proceeds for debt repayment.

### ORANGE CO., INC.

2011 Riverside Dr., Columbus, OH, April 26, 1974 filed \$2,500,000 of serial debentures due serially from 1975 to 1981; and \$2,500,000 of sinking fund debentures, both to be offered at 100 per cent. The company is engaged in the production, processing and sale of fresh citrus fruit and frozen concentrate orange juice and in the operation and licensing of others to operate specialty restaurants under the name "Arthur Treacher's Fish & Chips." Proceeds will be used to refund long-term bank indebtedness and capital expenditures. The Ohio Co., Columbus, OH, will manage the underwriting. Offering expected in early June. V.219, 7402, p.45.

### PARKVIEW ASSOCIATES

27489 Parkview Blvd., Warren, MI, May 10, 1974 filed 5,200 limited partnership interests, to be offered at \$500 per unit, with a minimum purchase of 5 units. The partnership was formed to acquire Parkview Village and to hold same for rental purposes. Piper, Jaffray & Hopwood, Inc., Minneapolis, MN, will manage the underwriting. Offering expected July 1.

### POWER RESOURCES CORP.

303 Petroleum Bldg., Casper, WY, March 26, 1974 filed 500,000 shares of common, to be offered at \$1.50 per share; 45,000 shares of common, to be offered at \$1.80 per share; and 45,000 warrants to purchase common, to be offered at \$0.0001 per share. The company, which is engaged in acquisition, exploration, development, operation and sale of oil, gas and other mineral properties, will use the proceeds to repay debt, for certain acquisition costs, and other operating expenses. B.J. Leonard & Co., Denver, CO, will manage the underwriting. Offering expected in mid-July.

### REGAN OFFSHORE INTERNATIONAL, INC.

1301 Regan St., P.O. Box 150 San Pedro, CA, March 8, 1974 filed 320,000 shares of common, to be offered at \$17.50 per share (200,000 by the company; 200,000 by the underwriter; and 100,000 by shareholders); 20,000 shares of common, to be offered at \$21 per share; and 20,000 warrants, to be offered at \$0.05 per warrant, underlying the common. The company, which develops and sells offshore drilling and production equipment for the petroleum industry, will use the proceeds to reduce debt and for capital expenditures. Bateman Eichler, Hill Richards, Inc., Los Angeles, CA, will manage the underwriting. Offering expected late June. (I)

### ROTEL OF AMERICA, INC.

2642 Central Park Ave., Yonkers, NY, May 1, 1974 filed 100,000 shares of common, to be offered at \$2.50 per share; 10,000 warrants to purchase common; and 10,000 shares of common, to be offered at \$3.50 per share, issuable upon exercise of the warrants. The company sells high fidelity and stereo components which are manufactured in Japan and Taiwan. Proceeds will be used for working capital. Maynard, Merel & Co., Inc., NY, will manage the underwriting.

### SOUTHWEST CHEMICAL SERVICES, INC.

410 Two Shell Plaza Houston, TX, Nov. 2, 1973 filed 586,000 shares of common, to be offered at \$15 per share (400,000 by the company and 146,000 by selling stockholders, and 40,000 subject to a 30 day option granted to underwriters). The company, which provides certain services for the plastics industry, and producing specialty chemicals, will use its proceeds for plant improvement and expansion projects. White, Weld & Co., Inc., NY will manage the underwriting.

### TELECOM EQUIPMENT CORP.

34-21 Review Ave., Long Island City, NY, filed 110,000 units to be offered at \$12 per unit (2 shares of common, to be offered at \$8 per share, issuable upon exercise of warrants). The company, which sells and installs telephone equipment services which are interconnected with regulated telephone company lines, will use its proceeds for accounts receivable, to obtain additional inventory, and for general working capital. Executive Security, Miami, FL, will manage the underwriting.

## TELEMED CORP.

9850 W. Florence Ave., Schiller Park, IL, May 17, 1974 filed an amendment covering 200,000 shares of common, 83,500 shares by the company and 116,500 shares by stockholders. The company, which provides services and equipment to medical facilities to assist physicians, will use the proceeds to retire debt, to purchase equipment and for working capital. Edwards & Hanley, NY, will manage the underwriting. Offering expected late June. V. 218, p. 1682.

## TELESCIENCES, INC.

351 New Albany Rd., Moorestown, NJ, April 5, 1974 filed 550,000 shares of common, of which 100,000 shares are to be sold by the company; 350,000 shares to be sold by selling stockholders; and 100,000 shares issuable upon exercise of outstanding warrants. The company, which designs and manufactures electronic systems, will invest the proceeds in short term marketable securities until needed for general corporate purposes. Paine, Webber, Jackson & Curtis Inc., NY, will manage the underwriting.

## TERRA CHEMICALS INTERNATIONAL, INC.

507 Sixth St., Sioux City, IA, May 10, 1974 filed 1,977,000 shares of common (of which 300,000 are by the company, 1,500,000 by selling stockholders, and 177,000 to cover over-allotments), to be offered at \$11 per share. The company sells chemical fertilizers, other crop production chemicals and feed ingredients. Proceeds will be used for general corporate purposes. First Boston Corp., NY; and Piper, Jaffray & Hopwood, Inc., Minneapolis, MN, will manage the underwriting. Offering expected in June. (1)

## TEXSTAR CORP.

802 Ave. J East, Grand Perry, TX, May 3, 1974 filed \$5,193,750 of subordinated debentures due 1989 and common stock purchase warrants expiring 1980 for its outstanding 6 1/2 per cent convertible debentures due 1984 at an exchange rate of \$750 principal amount of new debentures and a number of warrants to be determined later for each \$1,000 principal amount of outstanding debentures. Faulkner, Dawkins & Sullivan Securities Corp., NY, will manage the underwriting. Offering expected in June.

## THERMAL COMPONENTS INC.

2760 Gunter Park Drive West, Montgomery, AL, March 29, 1974 filed 200,000 shares of common with warrants, to be offered at \$12.50 per share; 200,000 warrants to purchase common; and 200,000 shares of common, to be offered at \$12.50 per share, to be reserved for issuance upon exercise of the warrants. The company, which designs and manufactures tube mills and machines for the air conditioning and automotive industries, will use the proceeds to retire debt and for working capital. George M. Wood & Co., Inc., Montgomery, AL, will manage the underwriting.

## UNION CORP.

Jones St., Verona, PA, May 3, 1974 filed 143,476 shares of common, to be offered under an exchange offer to holders of common of Puerto Rico International Airlines, Inc. at .425 company common and \$0.05 cash for each common of Puerto Rico. Arthur R. Hefren & Co., Inc., Pittsburgh, PA, will manage the underwriting. Offering expected in mid-June. V. 219, 7401, p. 23

## UNITED NUCLEAR CORP.

101 Executive Boulevard, Elmsford, NY, April 1, 1974 filed 1,017,539 shares of common, to be offered at \$14.25 per share by a selling shareholder. First Boston Corp., NY, will manage the underwriting. Offering expected mid-June.

## UNITED STATES LEASING CORP.

633 Battery St., San Francisco, CA, March 1, 1974 filed \$15,000,000 of senior notes due March 15, 1979, to be offered at 102 per cent. The company, directs equipment leasing to industrial and commercial businesses, and will use its proceeds for short-term debt reduction. Smith, Barney & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY, will manage the underwriting.

## VARO SEMICONDUCTOR, INC.

2800 W. Kingsley, Garland, TX, Nov. 6, 1973 filed 800,000 units, consisting of 1 share of common and 1 warrant to purchase 1-2 shares of common, to be offered at \$25 per unit; and 400,000 shares of common issuable upon exercise of warrants to be offered at \$22.50 per share. The company produces solid state high voltage rectifiers for use in consumer and industrial electronic products. E. F. Hutton & Co., Inc., NY will manage the underwriting.

## VIRGINIA HOME INSURANCE CO.

18 Koger Executive Center, Norfolk, VA, April 26, 1974 filed 300,000 shares of common, to be offered at \$5 per share; 300,000 shares of common purchase warrants; and 300,000 shares of common, to be offered at \$5 per share, issuable upon exercise of the warrants. These shares will be sold in units consisting of one share of common and one warrant. First Securities Co., Providence, RI, will manage the underwriting.

## WESTERN ACCEPTANCE CO.

2107 Grand Ave., Kansas City, MO, Dec. 28, 1973 filed \$50,000,000 of debentures due 1994, to be offered at 100 per cent. The company, which since 1961 has purchased from Western Auto & Supply Co. certain customer receivables arising from retail credit sales by independently owned and operated stores associated with Western Auto, will use its proceeds to make the initial purchase of customer receivables, which have arisen from sales by Auto's Co. owned stores. Blyth Eastman Dillon & Co., Inc. NY will manage the underwriting.

## WICKES CORP.

110 West A St., San Diego, CA, April 1, 1974 filed \$40,000,000 principal amount of subordinated debentures due May 1, 1999 at 6 1/2 per cent, under an exchange offer to holders of the company's 1 1/2 per cent convertible subordinated debentures due May 1, 1994 at an unannounced rate. Goldman, Sachs & Co.; and Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. V. 218, p. 1578.

Oil-Gas  
Real Estate

## AMERICAN PROPERTY INVESTORS IV

1776 S. Jackson St., Denver, CO., Dec. 11, 1973, filed 60,000 units of limited partnership interests, to be offered at \$500 per unit, with a minimum investment of \$2,500. The partnership will invest primarily in approved commercial real estate which is leased to others. Blyth Eastman Dillon & Co., Inc., NY; Kelly & Morey, Inc., Denver, CO., will manage the underwriting.

## Baker Oil Tools, Inc.

7400 E. Slauson Ave., Los Angeles, CA, May 22, 1974 filed 500,000 shares of common, to be offered at \$31 per share. The company, which manufactures and markets a wide range of products and provides related services to the petroleum and mining industries throughout the world for extraction, recovery and processing of oil, gas and other minerals, will use the proceeds to prepay bank debt. Goldman, Sachs & Co.; and Horablow & Weeks-Hemphill, Noyes Inc., NY, will manage the underwriting. Offering expected in mid-June. V. 218, p. 497.

## BALCOR REALTY INVESTORS LTD. - 74

125 South Clark St., Chicago, IL, March 6, 1974 filed 12,500 limited partnership interests, to be offered at \$1,000 per interest, with a minimum purchase of 5 interests. This recently organized Illinois limited partnership will invest in income-producing real property and unimproved real estate currently being developed or expected to be developed. The proceeds will be distributed to the partners. Blyth Eastman Dillon & Co., Inc., NY; and Robinson-Humphrey Co., Inc., Atlanta, GA, will manage the underwriting. Offering expected in June. V. 218, p. 879.

## BIG RIVERS FUNDS - 1974

TPA Bldg., 115 St. Ann St., Owensboro, KY, May 6, 1974 filed 750 preformation subscriptions and limited partnership interests, to be offered at \$1,000 per interest. The partnership will drill exploratory and development gas and oil wells. J.J. B. Hilliard, W.L. Lyons, Inc., Louisville, KY, will manage the underwriting. Offering expected in late June or early July.

## CAPITAL RESOURCES REAL ESTATE

INCOME PARTNERSHIP  
307 North Michigan Ave., Chicago, IL, Feb. 11, 1974 filed 10,000 interests in the limited partnership, to be offered at \$1,000 per interest, with a minimum investment of 5 units. The partnership will acquire only income producing commercial, industrial and residential real properties. First Nation Securities Inc., Chicago, IL, will manage the underwriting.

## CARLYLE REAL ESTATE LIMITED PARTNERSHIP-74

875 N. Michigan Ave., Chicago, IL, March 18, 1974 filed 16,000 limited partnership interests, to be offered at \$1,000 per interest, with a minimum investment of \$5,000. The company will invest in income-producing real estate. Shearson Hammill & Co., Inc.; Clark Dodge & Co. Inc., NY, will manage the underwriting.

## DERAND REAL ESTATE INVESTMENT TRUST

1815 North Fort Meyer Dr., Suite 400, Arlington, VA, April 2, 1974 filed 210,000 shares of beneficial interest, to be offered at \$10.875 per share under a rights offering to shareholders on a 1-for-1 basis. Shares not so purchased will be offered to the public. Proceeds will be used to make real estate investments. DeRand Investment Corp. of America, Washington, D.C., will manage the underwriting. Offering expected in mid-June.

## ENERGEX CORP.

600 Houston Natural Gas Bldg., Houston, TX, Jan. 29, 1974 filed 1,800 units of participation in Vance Sanders Drilling Program-1974, to be offered at \$5,000 per unit plus possible additional assessments of \$500, with a minimum subscription of 1 unit. Vance, Sanders & Co., Inc., Boston, MA, will manage the underwriting.

## GROWTH REALTY INVESTMENT LIMITED PARTNERSHIP

2 E. Fayette St., Baltimore, MD, Jan. 23, 1974 filed 3,000 limited partnership interests, to be offered at \$1,000 per interest, with a minimum purchase of 2 interests. The partnership will invest in residential and commercial real estate. Legg, Mason & Co., Inc. Baltimore, MD; and Wood, Walker & Co., Inc., NY, will manage the underwriting.

## HEITMAN MORTGAGE INVESTORS

12th Floor, 225 Franklin St., Boston, MA, Oct. 31, 1973 filed \$30,000,000 of senior subordinated notes due 1980, to be offered at 100 per cent. The company is a real investment trust. Bear, Stearns & Co. NY will manage the underwriting.

## IDS REALTY TRUST

IDS Tower, Minneapolis, MN, May 15, 1974 filed \$243,623,215 of variable yield series E subordinated debentures, due May 31, 1994; to be offered at 100 per cent. The company is a real estate investment trust. Investors Diversified Services, Inc., Minneapolis, MN, is the underwriter. V. 218, p. 805.

## JMB INCOME PROPERTIES, LTD. II

875 North Michigan Ave., Chicago, IL, May 13, 1974 filed 10,000 limited partnership interests, to be offered at \$1,000 per interest, with a minimum purchase of 5 interests. The partnership intends to invest primarily in existing commercial real properties. Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. Offering expected some time in September.

## LAND-VEST PROPERTIES 1974 LIMITED PARTNERSHIP

14 Kilby St., Boston, MA, Feb. 11, 1974, filed 5,000 limited partnership interests, to be offered at \$1,000 per unit, with a minimum investment of 5 units. Proceeds will be invested in undeveloped real estate. Horablow & Weeks-Hemphill, Noyes, Inc., NY; and Janney Mon-

gomery Scott Inc., Philadelphia, PA, will manage the underwriting.

## MGF OIL CORP.

1126 Vaughn Bldg., Midland, TX, Feb. 8, 1974 filed \$6,000,000 in preformation limited partnership subscriptions, to be offered at \$1,000 per unit, with a minimum subscription of 5 units. The partnerships will explore and develop oil and gas properties. Thomson & McKinnon Auchincloss Kohlmeyer Inc., NY; and Roberts, Scott & Co., Inc., San Diego, CA, will manage the underwriting.

## MAENNER-AMERICAN PROPERTIES

10050 Regency Circle, Omaha, NE, Nov. 6, 1973 filed 25,000 units of preformation limited partnership interest, to be offered at \$100 per unit with a minimum purchase of 25 units. The partnerships will invest in income producing real property. First Mid America Inc., Lincoln, NE will manage the underwriting.

## MASSMUTUAL MORTGAGE &amp; REALTY INVESTORS

1295 State St., Springfield, MA, Nov. 20, 1973 filed \$40,000,000 of senior notes due 1980, to be offered at 100 per cent. This real estate investment trust will use proceeds to reduce short term borrowings. White, Weld & Co., Inc. NY will manage the underwriting. V. 216, p. 919.

## MCCULLOCH PROPERTIES CREDIT CORP.

6740 East Camelback Road, Scottsdale, AZ, April 5, 1974 filed \$20,000,000 of debentures due May 15, 1984 to be offered at 100 per cent. The company, which provides financing to McCulloch Oil Corp., will use the proceeds to purchase installment receivables from McCulloch Oil. Halsey, Stuart & Co., Inc., Chicago, IL, will manage the underwriting. V. 219 7407, p. 22.

## MID-ATLANTIC MORTGAGE INVESTORS

60 Park Place, Newark, NJ, Oct. 26, 1973 filed 1,250,000 shares of beneficial interest, to be offered at \$20 per share. The company is a real estate investment trust formed to invest primarily in short-term construction, land acquisition and development loans. Goldman, Sachs & Co; and Reynolds Securities Inc. NY will manage the underwriting.

## MULTIVEST REAL ESTATE FUND, LTD., SERIES VIII

22255 Greenfield, Southfield, MI, May 15, 1974 filed 30,000 units of limited partnership interests, to be offered at \$500 per unit, with a minimum purchase of 2 units. The partnerships will invest in improved real property. Multivest Securities, Inc., Southfield, MI, will manage the underwriting. Offering expected in August.

## MID-HUDSON LAND PARTNERS

680 Fifth Ave., NY, Jan. 19, 1974 filed 2,000 units of limited partnership interests, to be offered at \$1,083 per unit, with a minimum purchase of 2 units. This partnership will invest in undeveloped real estate in New York state. Scherl, Egener & Bassuk, Inc., NY, will manage the underwriting.

## OCCIDENTAL PETROLEUM CORP.

10889 Wilshire Blvd., Los Angeles, CA, April 10, 1974 filed 4,000,000 units consisting of one share of cumulative preferred stock and one warrant to purchase common stock, to be offered at \$25 per unit; and 4,000,000 shares of common, issuable upon exercise of the warrants, to be offered at \$11 per share. Proceeds will be used for debt reduction. Kidder, Peabody & Co. Inc.; and Blyth Eastman Dillon & Co. Inc., NY, will manage the underwriting. V. 218, p. 999. Offering expected in late May.

## ROWAN CO., INC.

1900 Post Oak Tower, 5051 Westheimer Rd., Houston, TX, Jan. 23, 1974 filed 750,000 shares of common, to be offered at \$33.50 per share. The company, which is in the business of contract drilling of oil and gas wells for others, will use the proceeds for construction and other capital expenditures. Lehman Brothers, NY, will manage the underwriting.

## TEXLAND PETROLEUM, INC.

1329 Fort Worth National Bank Bldg., Ft. Worth, TX, March 7, 1974 filed 300 preformation limited partnership interests, to be offered at \$10,000 per interest plus possible assessments not to exceed \$5,000, with a minimum investment of \$10,000, and additional subscriptions in multiples of \$5,000. The partnerships will explore and produce oil and gas. McDonald & Co., Cleveland, OH, will manage the underwriting. Offering expected on June 17. V. 218, p. 499.

## UNION AMERICA MORTGAGE &amp; EQUITY TRUST

9595 Wilshire Blvd., Beverly Hills, CA, Dec. 28, 1973 filed \$25,000,000 of senior subordinated notes due Dec. 31, 1980, to be offered at \$1,000. The company, which is a diversified real estate investment trust, will use its proceeds to reduce short term borrowings incurred to finance newly made investments. Lehman Brothers, Inc.; and White, Weld & Co., Inc. NY, will manage the underwriting. V. 215, p. 1414.

## Utilities

## ALABAMA POWER CO.

600 North 18th St., Birmingham, AL, May 3, 1974 filed \$100,000,000 of first mortgage bonds due 2004, to be offered at competitive bidding. This unit of Southern Co. will use the proceeds to finance 1974 construction expenditures. Bids expected at 11 a.m., on June 12. V. 219, 7401, p. 23.

## ARKANSAS POWER &amp; LIGHT CO.

Ninth and Louisiana Sts., Little Rock, AR, May 10, 1974 filed \$40,000,000 of first mortgage bonds, due 2004, to be offered at competitive bidding. Proceeds will be used to reduce debt incurred for construction. Bids expected on June 20 at 11 a.m. V. 219, 7404, p. 25.

## BELL CANADA

1050 Beaver Hall Hill, Montreal, Canada, April 25, 1974 filed 749,992 shares of common, to be offered at \$43.44 per share, by the selling shareholder American Telephone & Telegraph Co. Salomon Brothers; Merrill Lynch, Pierce, Fenner and Smith Inc.; and Paine, Webber, Jackson & Curtis, Inc., NY, will manage the underwriting.

## CENTRAL POWER &amp; LIGHT CO.

120 North Chaparral St., Corpus Christi, TX, May 10, 1974 filed \$40,000,000 of first mortgage bonds, series N, due June 1, 2004, to be offered at competitive bidding. Proceeds will be used to finance construction. Bids expected on June 19 at 11 a.m. (Chicago time). V. 219, 7402, p. 24.

## CINCINNATI GAS &amp; ELECTRIC CO.

139 East Fourth St., Cincinnati, OH, May 17, 1974 filed 400,000 shares of cumulative preferred, to be offered at \$100 per share. Proceeds will be used to repay debt incurred for construction and to finance further construction. Morgan Stanley & Co., Inc.; and W.E. Hutton & Co., NY, will manage the underwriting. Offering expected on June 18. V. 219, 7407, p. 25.

## COLUMBIA GAS SYSTEM, INC.

20 Montchanin Rd., Wilmington, DE, April 10, 1974 filed \$40,000,000 of debentures due May 1999, to be offered at competitive bidding. This public utility holding company will use the proceeds to finance subsidiary capital expenditures. Bids expected at 11 a.m. on June 19.

## COLUMBIA GAS SYSTEM, INC.

20 Montchanin Rd., Wilmington, DE, May 24, 1974 filed 1,000,000 shares of cumulative preferred stock, series A, to be offered at competitive bidding. Proceeds will be added to company funds and used to finance construction. Bids expected at noon on July 8. V. 218 V. 219 7402, p. 24.

## COMMONWEALTH EDISON CO.

37th floor, First National Plaza, PL P.O. Box 767, Chicago, IL, May 14, 1974 filed \$125,000,000 of first mortgage bonds, to be offered at competitive bidding. Proceeds will be used to repay short term notes. Offering imminent. V. 219, 7407, p. 25.

## CONSUMERS POWER CO.

212 West Michigan Ave., Jackson, MI, April 11, 1974 filed 1,500,000 shares of common, to be offered at \$22.75 per share. Proceeds will be used to finance construction. Morgan Stanley & Co. Inc., NY, will manage the underwriting. V. 219 7392, p. 18.

## DELMARVA POWER &amp; LIGHT CO.

800 King St., Wilmington, DE, April 22, 1974 filed \$35,000,000 of first mortgage and collateral trust bonds due June 4, 2004, to be offered at competitive bidding. This utility company will use the proceeds to retire debt incurred for construction. Bids expected at noon, on June 13. V. 219, 7401, p. 23.

## FLORIDA POWER CORP.

3201 34th St., South, St. Petersburg, FL, April 26, 1974 filed 1,800,000 shares of common, to be offered at \$30 per share. Proceeds will be used to repay debt incurred for construction. Kidder, Peabody & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. Offering expected on June 20. V. 219, 7394, p. 21.

## INDIANA &amp; MICHIGAN ELECTRIC CO.

2101 Spy Run Ave., Fort Wayne, IN, May 14, 1974 filed \$70,000,000 of first mortgage bonds and 300,000 shares of cumulative preferred, both to be offered at competitive bidding. Proceeds will be used for debt repayment. Bids expected on June 18, at 11 a.m. for the bonds and at 11:45 a.m. for the preferred. V. 219, 7407, p. 25.

## IOWA ELECTRIC &amp; POWER CO.

Cedar Rapids, IA, May 24, 1974 filed \$30,000,000 of first mortgage bonds, series N, due July 1, 2004, to be offered at competitive bidding. Proceeds will be used to reduce debt incurred for construction. Bids expected at 10 a.m. (Chicago time) on July 11. V. 218, p. 1722.

## LONG ISLAND LIGHTING CO.

250 Old Country Road, Mineola, NY, May 15, 1974 filed \$60,000,000 of first mortgage bonds, series Y, due 2004, to be offered at competitive bidding. Proceeds will be used for construction and the repayment of debt. Bids expected at noon, on June 17. V. 219, 7401, p. 23.

## MISSISSIPPI POWER &amp; LIGHT CO.

P.O. Box 1640, Jackson, MS, March 27, 1974 filed bonds, 75,000 shares of cumulative preferred stock, to be offered at competitive bidding. Proceeds will be used for debt repayment, and for other corporate purposes. V. 219, 7392, p. 18.

## NIAGARA MOHAWK POWER CORP.

300 Erie Blvd., West, Syracuse, NY, May 14, 1974 filed 3,500,000 shares of common, to be offered at \$11 per share. Proceeds will be used to reduce debt incurred for construction. Drexel Burnham & Co.; White, Weld & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting. Offering expected on June 11. V. 219, 7409, p. 24.

## NORTHERN STATES POWER CO.

414 Nicollet Mall, Minneapolis, MN, May 24, 1974 filed 300,000 shares of cumulative preferred, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 10 a.m. (Chicago time), on July 10. V. 219 7373, p. 19.

## OHIO EDISON CO.

47 North Main St., Akron, OH, April 26, 1974 filed 3,000,000 shares of common, to be offered at competitive bidding. Proceeds will be used for debt repayment, and for construction. Bids expected at 4 p.m. on June 13. V. 219, 7401, p. 45.

## PACIFIC NORTHWEST BELL TELEPHONE CO.

821 Second Ave., Seattle, WA, May 17, 1974 filed \$90,000,000 of debentures due Jan. 1, 2008, to be offered at 100 competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on June 11.

## PENNSYLVANIA ELECTRIC CO.

1001 Broad St., Johnstown, PA, May 1, 1974 filed

\$50,000,000 of first mortgage bonds, series due 2004, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on June 13. V.218, p.219.

## Reg. "A's"

**AVANT INDUSTRIES LTD.**  
P.O. Box 369, Farmingdale, NJ, Feb. 1, 1974 filed a Reg. A covering 300,000 shares of common, to be offered at \$1.50 per share. Pars Securities Inc., Fort Lee, NJ, will manage the underwriting.

**FORT DAVID LABORATORIES, INC.**  
14350 N.W. 24th Ave., Opa Locka, FL, Oct. 15, 1973 filed a Reg. A covering 90,000 shares of common, to be offered at \$4 per share. Huriash Solomon, Hollywood, FL, will manage the underwriting.

**GEO THERMAL ENERGY & MINERAL CORP.**  
325 South Third St., Suite 1, Las Vegas, NV, Nov. 16, 1973 filed a Reg. A covering 100,000 shares of common, to be offered at \$2.50 per share. Priestly & Pace Securities Inc., Las Vegas, NV will manage the underwriting.

**GOLDEN SCEPTER MINING CO., INC.**  
228 Mary St., Carson City, NV, Jan. 15, 1974 filed a Reg. A covering 10,000,000 shares of common, to be offered at \$0.025 per share. Universal Underwriting Service Inc., Salt Lake City, UT, will manage the underwriting.

**IMAGE MAGNIFICATION INC.**  
538 Bloomfield Ave., Verona, NJ, Oct. 29, 1973 filed a Reg. A covering 250,000 shares of common, to be offered at \$2 per share. Gotham Securities Corp., NY will manage the underwriting. (1)

**INTEGRATED SYSTEMS SEC IN REGISTRATION, REG. A's**

**AVANT INDUSTRIES LTD.**  
P.O. Box 369, Farmingdale, NJ, Feb. 1, 1974 filed a Reg. A covering 300,000 shares of common, to be offered at \$1.50 per share. Pars Securities Inc., Fort Lee, NJ, will manage the underwriting.

**BLACK MARKET ENTERPRISES INC.**  
5653-55 Ogontz Ave., Philadelphia, PA, April 1, 1974 filed a Reg. A covering 240,000 shares of common, to be offered at \$2 per share.

**CHINOOK INVESTMENTS INC.**  
Rte. 9, Box 424, Olympia, WA, April 1, 1974 filed a Reg. A covering 4,166 shares of common, to be offered at \$60 per share.

**FORT DAVID LABORATORIES, INC.**  
14350 N.W. 24th Ave., Opa Locka, FL, Oct. 15, 1973 filed a Reg. A covering 90,000 shares of common, to be offered at \$4 per share. Huriash Solomon, Hollywood, FL, will manage the underwriting.

**GEO THERMAL ENERGY & MINERAL CORP.**  
325 South Third St., Suite 1, Las Vegas, NV, Nov. 16, 1973 filed a Reg. A covering 100,000 shares of common, to be offered at \$2.50 per share. Priestly & Pace Securities Inc., Las Vegas, NV will manage the underwriting.

**GOLDEN SCEPTER MINING CO., INC.**  
228 Mary St., Carson City, NV, Jan. 15, 1974 filed a Reg. A covering 10,000,000 shares of common, to be offered at \$0.025 per share. Universal Underwriting Service Inc., Salt Lake City, UT, will manage the underwriting.

**IMAGE MAGNIFICATION INC.**  
538 Bloomfield Ave., Verona, NJ, Oct. 29, 1973 filed a Reg. A covering 250,000 shares of common, to be offered at \$2 per share. Gotham Securities Corp., NY will manage the underwriting. (1)

**INTEGRATED SYSTEMS CO.**  
1928 Western Ave., Las Vegas, NV, Jan. 25, 1974 filed a Reg. A covering 400,000 shares of common, to be offered at \$1.25 per share. Wilson-Davis & Co., Inc., Salt Lake City, UT, will manage the underwriting. Offering expected in Late April. (1)

**NUCLEAR SILVER CORP.**  
Box 709, Wallace, ID, Jan. 23, 1974 filed a Reg. A covering 6,061,750 shares of common, to be offered at \$0.04 per share. This company was formerly known as American Silver Gold Uranium. Paul Jones & Co., Salt Lake City, UT, will manage the underwriting.

**OMNIBUS GROUP INC.**  
3445 Peachtree Rd., N.E., Ste. 925, Atlanta, GA, Oct. 29, 1973 filed a Reg. A covering 75,000 shares of common, to be offered at \$6-per share. The company was formerly known as Omnibus Management Corp. Higgs Inc., Knoxville, TN, will manage the underwriting.

**PACIFIC CROSS INTERNATIONAL**  
431 South 3rd East, Ste. 100, Salt Lake City, UT, Nov. 29, 1973 filed a Reg. A covering 100,000 shares of common, to be offered at \$1 per share. E.H. Coltharp & Co. Salt Lake City, UT will manage the underwriting.

**SAN JUAN DIARY INC.**  
40 Exchange Place, NY, Jan. 29, 1974 filed a Reg. A covering 100,000 shares of common, to be offered at \$5 per share. The company was formerly known as International Resort Media Inc. Gotham Securities Corp., NY, will manage the underwriting. V.218, p.998.

**SEMI-DYNE ELECTRONICS CORP.**  
44 Bennington Ave., Freeport, NY, Dec. 3, 1973 filed a Reg. A covering 125,000 shares of common, of which 114,600 shares are offered by the underwriter and 10,400 shares are offered by certain shareholders for account of selling stockholders, to be offered at \$4 per share. Blinder, Robinson & Co. Inc., NY will manage the underwriting. V.216, p.612.

**SINKETTE CORP.**  
563 Coney Island Ave., Brooklyn, NY, Dec. 3, 1973 filed a Reg. A covering 3,000,000 shares of common, to be offered at \$0.10 per share. Willis E. Burnside & Co., Inc., NY, will manage the underwriting. (1)

**THLCOA INTERNATIONAL CORP.**  
16 Church St., Greenwich, CT, Oct. 10, 1973 filed a Reg. A covering 160,000 shares of common, to be offered at \$3 per share. Universal Underwriting Service Inc., Salt Lake City, UT will manage the underwriting. (1)

**TELEVEND, INC.**  
3607 Anton Farms Rd., Baltimore, MD, March 29, 1974 filed a Reg. A covering 75,000 shares of common, to be offered at \$5 per share.

**TODD INDUSTRIES INC.**  
477 Boston Post Rd., P.O. Box 745, Orange, CT, Jan. 31, 1974 filed a Reg. A covering 320,000 shares of common, to be offered at \$1.25 per share. Anchor Securities Inc., Minneapolis, MN, will manage the underwriting. (Offering expected late May.)

## Bank Holding Companies

**BANKERS TRUST NEW YORK CORP.**  
280 Park Ave., NY, Dec. 21, 1973 filed \$50,000,000 of series D debentures due 1981, to be offered at 100 percent. This registered bank holding company will add part of its proceeds to equity capital, and part to its general funds. Lehman Brothers, Inc., NY, will manage the underwriting. V.218, p. 1723.

**CONTINENTAL ILLINOIS CORP.**  
231 South LaSalle St., Chicago, IL, Feb. 21, 1974 filed \$100,000,000 of notes due March 1, 1982, to be offered at 102 percent. The bank holding company will add the proceeds to the general funds of the company. Halsey, Stuart & Co., Inc., Chicago, IL; and Goldman, Sachs & Co., NY, will manage the underwriting. Offering expected in May. V.218, p.1609.

**DOMINION BANKSHARES CORP.**  
Roanoke, VA, March 28, 1974 filed \$15,000,000 of debentures due 1999; and \$10,000,000 of convertible subordinated debentures due 1999. This bank holding company, will use the proceeds to repay debt, and for general corporate purposes. First Boston Corp., NY; and Wheat, First Securities, Inc., Richmond, VA, will manage the underwriting. V.218, p. 1649-51.

**HOSPITAL TRUST CORP.**  
One Hospital Trust Plaza, Providence, RI, Feb. 28, 1974 filed \$20,000,000 of notes due Oct. 1, 1981, to be offered at 100 percent. This bank holding company will use the proceeds to repay debt and for general corporate purposes. Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting.

**MICHIGAN NATIONAL CORP.**  
Box 589, Bloomfield Hills, MI, April 19, 1974 filed \$40,000,000 of notes due May 15, 1982, to be offered at 100 per cent. This bank holding company will use the proceeds to finance acquisitions. Lehman Brothers Inc.; and Smith Barney & Co. Inc., NY, will manage the underwriting. Offering expected in early June.

**NORTRUST CORP.**  
135 South La Salle St., Chicago, IL, March 26, 1974 filed \$30,000,000 of notes due 1984. The corporation is a one bank holding company owning all of the capital stock of The Northern Trust Co. Halsey, Stuart & Co. Inc., Chicago, IL, will manage the underwriting. Offering expected late May.

**SOUTH CAROLINA NATIONAL CORP.**  
1241 Main St., Columbus, SC, March 26, 1974 filed \$25,000,000 of debentures due 1999, to be offered at 100 per cent. This bank holding company will use its proceeds for capital and general funds, and for various corporate purposes. Salomon Brothers, NY, will manage the underwriting.

## Mutual Funds

**AMERICAN GENERAL OPTION INVESTORS, INC.**  
3910 Keswick Rd., Baltimore, MD, Nov. 9, 1973 filed 2,000,000 shares of common, to be offered at \$25 per share; and 200,000 shares of common (registered to cover over-allotments), to be offered at \$25 per share. The company is a new, closed-end, diversified management investment company whose primary objective will be to seek revenue in the form of premiums from writing puts and calls. Goldman, Sachs & Co.; Reynolds Securities Inc.; E.F.Hutton & Co., Inc., NY; and Alex Brown & Sons, Baltimore, MD, will manage the underwriting.

**AMERICAN OPTION WRITERS FUND**  
6 Central Row, Hartford, CT, Oct. 19, 1973 filed 700,000 of limited partnership units, to be offered at \$15 per unit. The company is a closed end investment company formed primarily to earn income from writing option contracts against a portfolio for securities. Advent Co., Hartford, CT, will manage the underwriting. V. 213, p. 1469.

**CORPORATE INCOME FUND, 2ND SHORT TERM SERIES**  
May 2, 1974 filed 80,000 units, including 5,000 for resale.

Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, will manage the underwriting.

**DAILY INCOME FUND, INC.**  
230 Park Ave., NY, May 17, 1974 filed 1,500,000 shares of common, to be offered at \$10 per share. The company is a no-load, diversified, open-end investment company. Reich & Tang, Inc., NY, is the advisor. Offering expected in late June. (1)

**FIRST INSURED MUNICIPAL TRUST FUND, SERIES 1**  
Van Kampen, Wauterlek & Brown, Inc., 300 West Washington St., Chicago, IL, Feb. 28, 1974 filed 7,500 units (including 2,500 registered for resale), to be offered at \$1050 per unit. The objective of the fund is tax-exempt income through municipal bonds. Van Kampen, Wauterlek & Brown, Inc., Chicago, IL, is the depositor.

**HARRIS, UPHAM TAX-EXEMPT FUND, FOURTH SERIES**  
May 2, 1974 filed 7,500 units (including 2,500 for resale). Harris, Upham & Co., Inc., NY, is the depositor.

**MUNICIPAL BOND FUND, SERIES 12**  
May 13, 1974 filed 15,000 units. The fund is a unit investment trust formed to gain tax-exempt income through investment in tax-exempt bonds. Paine, Webber, Jackson & Curtis, Inc., NY; and Dean Witter & Co., Inc., San Francisco, CA, are the depositors.

**MUNICIPAL INVESTMENT TRUST FUND, 10th PENNSYLVANIA SERIES**  
May 15, 1974 filed 5,000 units (including 1,000 units for resale). Merrill Lynch, Pierce, Fenner & Smith, Inc.; Bache & Co., Inc.; and Reynolds Securities, Inc., NY are the depositors. Offering expected in mid-June.

**MUNICIPAL INVESTMENT TRUST FUND SERIES, 24TH MONTHLY PAYMENT**  
May 8, 1974 filed 45,000 units (including 5,000 units for resale). Merrill Lynch, Pierce, Fenner & Smith, Inc.; Bache & Co., Inc.; and Reynolds Securities, Inc., NY, are the depositors.

**NATIONAL MORTGAGE FUND**  
1300 East Ninth St., Cleveland OH, May 15, 1974 filed \$5,000,000 of floating rate, senior subordinated notes due 1983, to be offered at \$1,000 each. The company is a real estate mortgage investment trust. Ohio Co., Columbus, OH will manage the underwriting. Offering expected around July. V.217, p. 1921.

**NORTHWEST TAX EXEMPT BOND FUND, THIRD SERIES**  
May 20, 1974 filed 30,000 units with a minimum purchase of 10 units. Foster & Marshall Inc., Seattle, WA, is the depositor. Offering expected in late July.

**NUVEEN TAX-EXEMPT BOND FUND, SERIES 57 CHECK-A-MONTH PLAN**  
209 South LaSalle St., Chicago, IL, April 5, 1974 filed 150,000 units, to be offered at \$105 per unit. John Nuveen & Co. Inc., NY, is the depositor.

**NUVEEN TAX-EXEMPT BOND FUND, SERIES 58 CHECK-A-MONTH PLAN.**  
209 LaSalle St., Chicago, IL, May 24, 1974 filed 150,000 units, to be offered at \$105 per unit. John Nuveen & Co., Inc., Chicago, IL, is the depositor.

**TAX-EXEMPT BOND FUND**  
900 National City Bank Bldg., Cleveland, OH, May 17, 1974 filed 7,500 units (including 2,500 units registered for resale). The company is a unit investment trust formed for the purpose of investing in tax-exempt bonds. Prescott, Ball & Turben, Cleveland, OH is the depositor. Offering expected on June 17. V. 219, 7380, p. 19.

**NOTE: NUVEEN - BOTH ENTRIES ARE IDENTICAL EXCEPT FOR THE DATES & DIFFERENT LOCATION - NY & CHICAGO! ARE THESE IN FACT**

## Issues Filed with SEC this Week

**ANSUL CO.**  
1 Stanton St., Marinette, WI, June 4, 1974 filed 330,000 shares of common, to be offered at \$15.50 per share. This fire protection and chemical concern will use the proceeds for expansion; to purchase equipment, and for working capital. Smith Barney & Co., Inc., NY, will manage the underwriting. V. 218, p. 429. (N)

**BALTIMORE GAS & ELECTRIC CO.**  
Gas & Electric Bldg., Charles Center, Baltimore, MD, May 29, 1974 filed \$75,000,000 of first refunding mortgage bonds due July 1, 2004 to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on June 27. V. 219,7471, p. 23. (N)

**BALTIMORE GAS & ELECTRIC CO.**  
Gas & Electric Bldg., Charles Center, Baltimore, MD, May 29, 1974 filed 2,500,000 shares of common, to be offered at \$17 per share. Proceeds will be used to repay debt incurred for construction. First Boston Corp., NY, will manage the underwriting. V. 219, 7471, p. 23. (N)

**BAXTER LABORATORIES, INC.**  
6301 Lincoln Ave., Morton Grove, IL, May 28, 1974 filed 62,469 shares of common, to be offered at \$41.50 per share by selling shareholders. (N)

**CCNB CORP.**  
331 Bridge St., New Cumberland, PN, May 29, 1974 filed 104,000 shares of common, to be offered at \$8.79 per share in connection with the proposed merger of the Duncannon National Bank into a wholly-owned subsidiary of the company on an 8-for-1 basis. V. 218, p. 733. (N)

**CATTLEMEN'S GROUP WESPAC ASSOCIATES**  
1020 Prospect St., La Jolla, CA, June 3, 1974 filed 20,000 limited partnership interests, to be offered at \$500 per interest, with a minimum investment of \$2,500 with additional purchases of \$500 or integral multiples thereof. The partnerships will engage in the purchase, feeding, breeding and marketing of cattle. (N)

**ELLIS BANKING CORP.**  
319 Ellis First National Bank Bldg., 1201 6th Ave. West, Bradenton, FL, June 3, 1974 filed 270,428 shares of common, to be offered at \$4 per share, in connection with an exchange offer to Parkway National Bank of Tallahassee, FL, on a 7.265-for-a-1 basis. (N)

**EVANS INDUSTRIES, INC.**  
403 Executive Park Bldg., 500 Stephenson Highway, Troy, MI, May 30, 1974 filed 283,479 shares of common, to be offered at \$0.85 per share in connection with the proposed merger of Aeroceanic Corp. into the company on a .298-for-1 basis. (N)

**FIRST NATIONAL STATE BANCORP.**  
98550 Broad St., Newark, NJ, May 31, 1974 filed 153,000 shares of common, to be offered at \$17.18 per share, in connection with a proposed exchange with the Egg Harbor Bank Trust Co., on a 8.5-for-1 basis. (N)

**FREE STATE DEVELOPMENT & INVESTMENT CORP. LTD.**  
May 31, 1974 filed 100,000 American Depository Receipts. Morgan Guaranty Trust Co., NY, is the depository. (N)

**FLYING DIAMOND CORP.**  
574 East Second South, Salt Lake City, UT, May 30, 1974 filed 3,038,805 shares of common, to be offered at \$3.75 per share in a connection with the proposed merger of Ray Resources Corp. into the company on a 1.1-for-1 basis. V. 219, 7404, p. 46. (N)

**GEORGIA POWER CO.**  
270 Peachtree St., N. W. Atlanta, GA, May 31, 1974 filed \$130,000,000 of first mortgage bonds due July 1, 2004; and 600,000 shares of cumulative preferred stock, both to be offered at competitive bidding. Proceeds will be used to finance construction. Bids expected at 11 a.m. on the bonds, and at noon on the stocks, on July 17. V. 219, 7388, p. 19. (N)

**LITRONIX, INC.**  
19000 Homestead Rd., Cupertino, CA, May 28, 1974 filed 111,545 shares of common; and 124,000 shares of common, both to be offered at various prices; 150,000 shares of common, to be offered at \$5.25 per share by selling shareholders, all offered in connection with an offer of rescission concerning the 111,545 shares of common; and an offer to accelerate issuance of the 124,000 common shares. The company designs, manufactures and sells solid-state optoelectronic components. (N)

**MONSANTO CO.**  
800 North Lindbergh Blvd., St. Louis, MO, May 30, 1974 filed 250,000 shares of common, to be offered at \$64.125 per share in connection with the proposed acquisition by the company of Olympia Industries, Inc. V. 217, p. 1685. (N)

**MOUNTAIN STATES MINERAL ENTERPRISES INC.**  
Tucson, AZ, May 12, 1974 filed 250,000 shares of common. The company, which furnishes design, engineering and testing services to the mineral industry, will use the proceeds for expansion. Danes Cooke & Keleher Inc., NY, will manage the underwriting. (N)

**NORTH AMERICAN CATTLE CO.**  
Star Route, Guymon, OK, May 31, 1974 filed 10,000 pre-organization for limited partnership interests, to be offered at \$1,000 per interest, with a minimum purchase of \$5,000, additional purchases in integral multiples of \$1,000. The partnership will engage in cattle feeding. E.F.Hutton & Co. Inc., NY, will manage the underwriting. (N)

### HOLDS INDEX

The following list "holds" covers securities filed with the SEC that are presently considered inactive. They were shown at their respective filing dates in previous publications, dating back from Sept. 1973. Records of other registrations are available from our library. Additional information can be obtained by calling, visiting or writing directly to us.

SECURITIES	DATE APPEARED IN CHRONICLE
Autodynamics, Inc.	Oct. 26, 1973
Bowers & Ruddy Galleries, Inc.	Sept. 3, 1973
Capehart Hospital Supply Co. Inc.	Sept. 3, 1973
Central Mortgage & Realty Trust	Oct. 27, 1973
Charter Investment Co.	Nov. 24, 1973
Clothes-Out, Inc.	Sept. 3, 1973
Consolidated International Inc.	Jan. 5, 1974
Consolidated International Pictures	Sept. 5, 1973
Diversified Microwave Application	Nov. 3, 1973
Educational Book Publishers	Oct. 6, 1973
Hartman Group Second Fund, Ltd.	Nov. 10, 1973
Hydro Technology Inc.	Oct. 6, 1973
Inatrome Fragrance Corp.	Jan. 22, 1973
International Leisure Industries	Sept. 3, 1973
Lexington Income Fund, Inc.	Sept. 3, 1973
Oil Interest Ltd.	Oct. 6, 1973
Pacific Coast Investors	Sept. 21, 1973
Pacific West Realty Trust	Oct. 6, 1973
Pagination, Inc.	Oct. 6, 1973
Pleasure Industries Inc.	Oct. 6, 1973
Polydex Chemicals Ltd.	Nov. 10, 1973
Steer West Inc.	Oct. 1, 1973
Sumbanc Corp.	Sept. 3, 1973
Titlersearch, Inc.	Sept. 3, 1973
Vista Labs Inc.	Oct. 6, 1973
Zondervan Corp.	Oct. 6, 1973

**PACIFIC TELEPHONE & TELEGRAPH CO.**  
140 New Montgomery St., San Francisco, CA, May 31, 1974 filed \$250,000,000 of debentures due June 15, 2011, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on June 25. (N)

**ROBLIN INDUSTRIES, INC.**  
290 Main St., Buffalo, NY, May 30, 1974 filed \$1,354,200 shares of 12 per cent subordinated debentures due 1989, to be offered at \$32.05 per share in exchange at one debenture (principal amount \$50) in exchange for three shares of company six per cent preferred. W. E. Hutton & Co., NY, will manage the underwriting. V. 218, p. 998. (N)

**ROVAC CORP.**  
109 Candace Drive, Maitland, FL, May 31, 1974 filed 300,000 shares of common, to be offered at \$10 per share; 30,000 shares of common, to be offered at \$12.80 per share underlying the warrants; and 30,000 warrants. The company, which is engaged in the development of prototypes of a rotary van air cycle (Rovaco air conditioning and refrigeration system), will use the proceeds to purchase equipment, to fund continued research, development and production costs, and for general working capital. Bond, Richman & Co., Inc., NY, will manage the underwriting. (N)

**RYAN-TRADERS DISTRIBUTION LTD.**  
May 31, 1974 filed 1,000,000 American Depository Receipts. Irving Trust Co., NY, is the depository. (N)

**SWAN RYAN INTERNATIONAL LTD.**  
May 31, 1974 filed 1,000,000 American Depository Receipts. Irving Trust Co., NY, is the depository. (N)

**TCA CATTLEMEN'S GROUP ASSOCIATES**  
1020 Prospect St., La Jolla, CA, June 3, 1974 filed 20,000 limited partnership interests, to be offered at \$500 per interest, with a minimum investment of \$2,500 with additional purchases of \$500 or integral multiples thereof. The partnerships will engage in the purchase, feeding, breeding and marketing of cattle. TCA Management Corp., will manage the underwriting. (N)

**T.N.B. FINANCIAL CORP.**  
1391 Main St., Springfield, MA, May 31, 1974 filed 40,500 shares of common, to be offered in connection with a proposed plan of acquisition whereby the company would acquire the Ware Trust Co., on a 27-for-1 basis. (N)

**TAMPA ELECTRIC CO.**  
111 North Dale Mabry Highway, Tampa, FL, May 31, 1974 filed 1,000,000 shares of common, to be offered at \$15 per share. Proceeds will be used to reduce debt incurred for construction. Stone & Webster Securities Corp.; and Kidder, Peabody & Co., Inc., NY, will manage the underwriting. V. 219, 7401, p. 23. (N)

**VIRGINIA ELECTRIC & POWER CO.**  
700 East Franklin St., Richmond, VA, May 31, 1974 filed \$125,000,000 of first & refunding mortgage bonds, series DD, due July 1, 2004, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at noon, on June 24. V. 219, 7412, p. 24. (N)

**WARD FOODS, INC.**  
1000 Skokie Blvd., Wilmette, IL, May 31, 1974 filed 1,729,569 shares of common, of which 721,752 shares are issuable upon exercise of outstanding warrants and the balance of the shares under various company plans. The company produces and distributes bakery, candy dessert, snack food and dairy food products. (N)

**WARNER COMMUNICATIONS, INC.**  
75 Rockefeller Plaza, NY, May 30, 1974 filed 31,000 shares of common, to be offered at \$12.125 per share by certain selling stockholders. V. 217, p. 1921. (N)

**WISCONSIN PUBLIC SERVICE CORP.**  
700 North Adams St., Green Bay, WI, June 3, 1974 filed 1,000,000 shares of common, to be offered at \$13.75 per share. Proceeds will be used to reduce debt incurred for construction. Merrill Lynch, Pierce, Fenner & Smith Inc., NY; and Robert W. Baird & Co., Inc., Milwaukee, WI, will manage the underwriting. V. 219, 7401, p. 23. (N)

**FEDERAL HOME LOAN BANKS**  
Federal Home Loan Banks \$40,000,000 of 8.70 per cent, series F-1976 consolidated bonds due Feb. 25, 1976; \$500,000,000 of 8.70 per cent, series G-1977 consolidated bonds due May 25, 1977; \$600,000,000 of 8.65 per cent, series H-1979 consolidated bonds due Feb. 26, 1979, all offered at 100 per cent, with a minimum denomination of \$10,000, on June 5, by Marshall Burkes, Director of the Office of Finance, with the assistance of a nationwide selling group of recognized dealers in securities. V. 219 7411, p. 23.

**FIRST OF MICHIGAN CORP.**  
Michigan Tax-Exempt Bond Fund Eleventh Series 4,400 units offered at \$1,019.52 per unit, with a minimum investment of 1 unit, on May 29, by First of Michigan Corp., Detroit, MI. V. 219 7411, p. 22.

**FIRST WESTERN SECURITIES OF WYOMING INC.**  
Antares Oil Corp. 5,000,000 shares of common offered at \$0.10 per share, on Feb. 15, by First Western Securities of Wyoming Inc., Casper, WY. V. 219 7382, p. 18.

**GOLDMAN, SACHS & CO.**  
North American Car Corp. \$25,000,000 of 10 1/2 per cent equipment trust certificates, 1974 series, due Nov. 15, 1994 rated Baa by Moodys and BBB by Standard & Poors, offered at 100 per cent, plus accrued interest, on May 31, by Goldman, Sachs & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.; and Dominick & Dominick Inc., NY. V. 219 7407, p. 24.

**LEVESQUE BEAUBIEN INC.**  
Quebec Hydro-Electric Commission \$55,000,000 of 9 1/2 per cent debentures due 1996, rated Aa by Moodys and AA by Standard & Poors, offered at 98.5 per cent to yield 10.04 per cent, on June 5, by Levesque Beaubien Inc., Montreal; A.E. Ames & Co., Toronto; Nesbitt Thomson & Co., Inc.; Rene T. Leclerc Inc., Montreal; Greenshields & Co., Inc., NY; and Tass & Associates Ltd., Montreal. Canada. V. 218, p. 1682

**MERRILL LYNCH, PIERCE, FENNER & SMITH**  
Globe-Union Inc., 49,800 shares of common offered at \$14.50 per share, on June 5, by Merrill Lynch, Pierce, Fenner & Smith Inc.; and Allen & Co., NY. V. 218, p. 753.

**METROLAND SECURITIES CORP.**  
Wicker World Corp. 100,000 shares of common offered at \$1 per share, on May 31, by Metroland Securities Corp., Schenectady, NY. V. 219 7392, p. 18.

**MORGAN STANLEY & CO. INC.**  
Commonwealth Edison Co. \$125,000,000 of 9 per cent first mortgage bonds due 1979, rated Aaa by Moodys and AA by Standard & Poors, offered at 101 per cent plus accrued interest, to yield 8.75 per cent, on June 5, by Morgan Stanley & Co. Inc.; Salomon Brothers; Goldman, Sachs & Co.; Kidder, Peabody & Co., Inc.; Loeb, Rhoades & Co.; Smith Barney & Co., Inc.; Stone & Webster Securities Corp.; and White, Weld & Co., Inc., NY; Dean Witter & Co., Inc., San Francisco, CA; and E.F. Hutton & Co., Inc., NY. V. 219 7407, p. 22.

**MORGAN STANLEY & CO. INC.**  
General Motors Acceptance Corp. \$250,000,000 of 8 1/2 per cent debentures due June 1, 1999, rated Aaa by Moodys and AA by Standard & Poors, offered at 99 1/2 per cent, plus accrued interest to yield 8.91 per cent, on June 4, by Morgan Stanley & Co., Inc., NY. V. 219 7412, p. 23.

**MORGAN STANLEY & CO. INC.**  
International Harvester Co. \$150,000,000 of 9 per cent sinking fund debentures due 2004, rated Aa by Moodys and Standard & Poors and AA by Fitch, offered at 99.20 per cent plus accrued interest, to yield 9.08 per cent, on June 5, by Morgan Stanley & Co., Inc., NY. V. 219 7411, p. 23.

**PAINE, WEBBER, JACKSON & CURTIS INC.**  
Bucyrus-Erie Co. \$50,000,000 of 9 per cent sinking fund debentures due 1999, rated A by both Moodys and Standard & Poors, offered at 99 1/2 per cent, plus accrued interest, to yield 9.05 per cent, on June 3, by Paine, Webber, Jackson & Curtis Inc., NY. V. 219 7409, p. 23.

**SALOMON BROTHERS**  
Southern Railway Co. \$15,000,000 of 8 1/2 per cent equipment trust certificates, rated Aa by Moodys and AA by Standard & Poors, offered to yield 9.10 per cent for those due in 1975 to 8 1/2 per cent for those maturing in 1988-89, on June 4, by Salomon Brothers; Blyth Eastman Dillon & Co. Inc.; and Drexel Burnham & Co. Inc., NY. V. 219 7412, p. 24.

**STONE & WEBSTER SECURITIES CORP.**  
Northwestern Public Service Co. 160,000 shares of common offered at \$17 per share, on June 3, by Stone & Webster Securities Corp., NY.

**WESTERN FINANCIAL CORP.**  
Westland Realty Trust 1,500,000 shares of beneficial interest offered at \$10 per share, on June 3, by Western Financial Corp.

**BALTIMORE GAS & ELECTRIC CO. (6-27)**  
May 13, 1974 it was reported that this company plans the sale of \$75,000,000 of 30-year first mortgage bonds. Underwriter — Competitive bidding. Bids expected at noon on June 27. V. 219, No. 7399, p. 27.

**BELL TELEPHONE CO. OF PENNSYLVANIA (7-15)**  
March 4, 1974 it was reported that the company plans the sale of \$175,000,000 of debentures, or a combination of debentures and notes. Method of sale is to be determined. Offering expected July 15. V. 217, p. 1515.

**BOSTON EDISON CO. (6-25)**  
April 29, 1974 it was reported that this company plans to sell \$75,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at 11 a.m. on June 25. V. 218, p. 1215.

**BOSTON VILU TANKER CO. (6-10)**  
May 20, 1974 it was reported that this unit of First National Boston Corp. plans to offer \$32,000,000 of government guaranteed ship financing bonds, late next month. Underwriters — Blyth Eastman Dillon & Co. Inc.; and Hornblower & Weeks-Hemphill, Noyes Inc., NY. Offering expected June 10.

**CENTRAL MAINE POWER CO. (9-17)**  
May 13, 1974 it was reported that this company plans the sale of \$10,000,000 of common. Underwriter — Kidder, Peabody & Co., Inc., NY. Offering expected on Sept. 17.

**CONSOLIDATED NATURAL GAS CO.**  
May 28, 1974 it was reported that this company has cancelled plans for the sale of common and instead plans the sale of \$40-\$50,000,000 of preferred late in the year. Underwriter — Competitive bidding. V. 219, 7402, p. 24.

**DAYTON POWER & LIGHT CO. (8-14)**  
May 20, 1974 it was reported that this company plans to sell about \$30,000,000 of common. Underwriters — expected to be Morgan Stanley & Co. Inc.; Blyth Eastman Dillon & Co. Inc.; and Lehman Brothers Inc., NY. V. 219 7411, p. 23.

**DETROIT EDISON CO.**  
June 3, 1974 it was reported that this company plans the sale of about \$75,000,000 of preferred stock, sometime late this summer. Underwriters — expected to be Morgan Stanley & Co. Inc.; Blyth Eastman Dillon & Co. Inc.; and Lehman Brothers Inc., NY. V. 219 7411, p. 23.

**EXTRACORPOREAL MEDICAL + SPECIALTIES INC.**  
June 3, 1974 it was reported that this company plans to offer about 250,000 shares of common, in early this fall. Method of sale is to be determined.

**FLORIDA TELEPHONE CORP.**  
June 3, 1974 it was reported that this company plans the sale of 30-year first mortgage bonds, sometime in October. Underwriter — Kidder, Peabody & Co. Inc., NY. V. 217, p. 439.

**GAS SERVICE CO.**  
June 3, 1974 it was reported that this company plans to offer about \$25,000,000 of debt securities, in late 1974. Underwriter — expected to be Blyth Eastman Dillon & Co. Inc., NY. V. 2198, p. 1609.

**GENERAL TELEPHONE CO. OF FLORIDA (7-18)**  
June 3, 1974 it was reported that this company plans the sale of \$50,000,000 of first mortgage bonds due 2004. Underwriter — Competitive bidding. Bids expected at 11 a.m. on July 18. V. 218, p. 1400.

**HOUSTON LIGHTING & POWER CO. (9-11)**  
April 8, 1974 it was reported that this company plans to sell \$100,000,000 of first mortgage bonds, sometime in Sept. Underwriter — Competitive bidding. Bids expected at 11 a.m. on Sept. 11. V. 219 7380, p. 19.

**IDAHO POWER CO. (9-17)**  
May 6, 1974 it was reported that this company plans to sell \$50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at noon on Sept. 17. V. 219 7380, p. 19.

**IDB BANKHOLDING CORP.**  
June 3, 1974 it was reported that this company plans a public offering in Israel of about 1,000,000 shares of common. Method of sale is to be determined.

**INDIANA BELL TELEPHONE CO. (10-1)**  
April 29, 1974 it was reported that this company plans to sell \$80,000,000 of debt securities. Underwriter — Competitive bidding. Bids expected on Oct. 1.

**INDIANA GAS CO.**  
April 15, 1974 it was reported that this company plans the sale of \$13,000,000 of preferred stock and \$7,500,000 shares of common, sometime by mid June. Underwriter — Goldman Sachs & Co., NY. V. 218, p. 962.

**KANSAS GAS & ELECTRIC CO.**  
May 28, 1974 it was reported that this company plans to raise \$25-\$30,000,000 via the sale of securities before the end of the year. Underwriters — Competitive bidding.

**LOUISVILLE GAS & ELECTRIC CO. (8-27)**  
March 18, 1974 it was reported that this company plans the sale of about \$25-30,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on August 27 at 11 a.m.

**MICHIGAN CONSOLIDATED GAS CO. (7-30)**  
March 11, 1974 it was reported that this company plans the sale of \$40,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on July 30 at 11 a.m. V. 218, p. 147.

**MOUNTAIN STATES TELEPHONE & TELEGRAPH CO.**  
March 25, 1974 it was reported that this company plans the sale of about \$150,000,000 of equity securities, sometime mid-1974. Method of sale is to be determined. V. 218, p. 3.

**MOUNTAIN STATES TELEPHONE & TELEGRAPH CO. (8-6)**  
April 22, 1974 it was reported that this company plans the sale of \$175,000,000 of debt securities. Method of sale is to be determined. Offering expected on August 6. V. 218, p. 3.

**NATIONAL FUEL GAS CO. (8-14)**  
April 29, 1974 it was reported that this company plans to sell \$30,000,000 of debentures. Underwriter — Competitive bidding. Bids expected at 11 a.m. on August 14. V. 219, 7394, p. 21.

**NEW ENGLAND TELEPHONE & TELEGRAPH CO. (11-12)**  
May 20, 1974 it was reported that this unit of American Telephone & Telegraph Co. plans to raise about \$319,600,000 through separate offerings of debentures and rights for common stock. The first part of this offering, scheduled for Nov. 12, will be for \$150,000,000 debentures. Method of sale is to be determined. V. 218, p. 1400.

**NEW ENGLAND TELEPHONE & TELEGRAPH CO.**  
May 28, 1974 it was reported that this company plans the sale of 6,500,000 shares of common via rights to shareholders of record Oct. 4, with an oversubscription privilege. Method of sale is to be determined. V. 218, p. 1400.

**NORFOLK & WESTERN RAILWAY (6-11)**  
May 20, 1974 it was reported that this railroad plans the sale of \$15,000,000 of equipment trust certificates due serially 1975-89. Underwriter — Competitive bidding. Bids expected on June 11.

**NORTHERN ILLINOIS GAS CO. (7-9)**  
March 18, 1974 it was reported that this company plans the sale of \$50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on July 9 at 11 a.m. V. 218, p. 219.

**NORTHERN INDIANA PUBLIC SERVICE CO.**  
May 13, 1974 it was reported that this company plans to raise \$40-\$45,000,000 through the sale of senior securities. Method of sale is to be determined. Offering expected some time in September. V. 219, No. 7402, p. 24.

**NORTHERN STATES POWER CO.**  
May 13, 1974 it was reported that, in addition to the sale of preferred, the company plans the sale of about \$50,000,000 shares of common some time in the fall. Underwriter — Competitive bidding. V. 219, No. 7373, p. 19.

**NORTHWESTERN BELL TELEPHONE (8-27)**  
April 1, 1974 it was reported that this company plans the sale of \$175,000,000 of debt securities. Underwriter — Competitive bidding. Bids expected on Aug. 27.

**PACIFIC GAS & ELECTRIC CO. (10-7)**  
May 13, 1974 it was reported that this company plans the sale of up to \$100,000,000 of common via rights. Underwriters — Blyth Eastman Dillon & Co., NY; and Dean Witter & Co., San Francisco, CA. Offering expected on Oct. 7. V. 219, No. 7404, p. 24.

**PACIFIC GAS & ELECTRIC CO.**  
May 28, 1974 it was reported that this company plans the sale of \$125,000,000 of 32-year first mortgage bonds some time in the fourth quarter. Underwriter — Competitive bidding. V. 219, 7404, p. 24.

**PACIFIC LIGHTING SERVICE CO. (12-11)**  
May 13, 1974 it was reported that this company plans the sale of \$30,000,000 of debentures. Underwriter — Competitive bidding. Bids expected at 11 a.m. on Dec. 11. V. 218, p. 575.

**PACIFIC TELEPHONE & TELEGRAPH CO. (6-25)**  
April 1, 1974 it was reported that this company plans the sale of about \$100,000,000 of 7-year notes. Underwriter — Competitive bidding. Bids expected at noon on June 25. V. 217, p. 2017.

**PENINSULA RESOURCES CORP.**  
May 20, 1974 it was reported that this company plans the sale of 150,000 shares of common. Underwriter — Lentz, Newton & Co., San Antonio, TX. Offering expected late June or early July. V. 218, p. 1394.

**PENNSYLVANIA ELECTRIC CO. (6-13)**  
April 8, 1974 it was reported that this subsidiary of General Public Utilities Corp. plans the sale of 350,000 shares of preferred stock. Underwriter — Competitive bidding. Bids expected at 11 a.m. on June 13. V. 218, p. 217.

**PENNY (J.C.) CO.**  
June 3, 1974 it was reported that this company plans a public offering of \$150,000,000 of 25-year sinking fund debentures. Underwriter — First Boston Corp., NY.

**PORTLAND GENERAL ELECTRIC CO.**  
June 3, 1974 it was reported that this company plans to offer \$35,000,000 of bonds and about \$27,000,000 of common, sometime in September. Underwriter — expected to be Blyth Eastman Dillon & Co. Inc., NY. V. 219 7394, p. 21.

**PUBLIC SERVICE ELECTRIC & GAS CO. (6-10)**  
April 1, 1974 it was reported that this company plans the sale of 750,000 shares of \$100 preferred. Underwriter — Competitive bidding. Bids expected at noon on June 10. V. 219 7380, p. 18.

**SAN DIEGO GAS & ELECTRIC CO.**  
June 3, 1974 it was reported that this company plans to offer \$40,000,000 of 30-year first mortgage bonds, sometime in September. Underwriter — Competitive bidding. V. 219 7380, p. 19.

**SOUTH CENTRAL BELL TELEPHONE CO. (9-17)**  
April 22, 1974 it was reported that this company plans to offer \$225,000,000 of debt securities. Method of sale is to be determined. Offering expected about Sept. 17. V. 218, p. 363.

**SOUTHERN CALIFORNIA GAS CO. (10-22)**  
April 8, 1974 it was reported that this company plans the sale of \$50,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at noon on Oct. 22.

**SOUTHERN CO. (9-10)**  
May 20, 1974 it was reported that this company plans the sale of about \$180-\$185,000,000 of common. Underwriter — Competitive bidding. Bids expected on Sept. 10.

**SOUTHERN PACIFIC RAILWAY (6-25)**  
May 20, 1974 it was reported that this road plans the sale of \$15,000,000 of equipment trust certificates. Underwriter — Competitive bidding. Bids expected at noon on June 25. V. 219 7401, p. 23.

## Effective Registrations

**BLYTH EASTMAN DILLON & CO. INC.**  
Central Illinois Light Co. \$25,000,000 of 9 1/2 per cent first mortgage bonds due 2004, rated Aa by Moodys and A by Standard & Poors, offered at 100.244 per cent, plus accrued interest, to yield 9.00 per cent, on June 4, by Blyth Eastman Dillon & Co. Inc.; Kidder, Peabody & Co. Inc.; First Boston Corp.; Salomon Brothers; and White, Weld & Co., Inc., NY. V. 219 7411, p. 22.

**BLYTH EASTMAN DILLON & CO. INC.**  
Central Illinois Light Co. 750,000 shares of common offered at \$15 per share, on June 5, by Blyth Eastman Dillon & Co., Inc. NY; and Dean Witter & Co. Inc., San Francisco, CA. V. 219 7411, p. 22.

**DILLON READ & CO. INC.**  
Michigan Wisconsin Pipe Line Co. \$50,000,000 of 9 1/2 per cent first mortgage pipe line bonds due 1994, rated Aa by both Moodys and Standard & Poors, offered at 99.625 per cent, plus accrued interest to yield 9.67 per cent, on June 3, by Dillon, Read & Co. Inc.; Drexel Burnham & Co. Inc.; E.F. Hutton & Co. Inc.; Loeb, Rhoades & Co.; Weeden & Co. Inc.; Bear, Stearns & Co.; Donaldson, Lufkin & Jenrette Securities Corp.; L.F. Rothschild & Co.; and UBS-DB Corp., NY. V. 219 7407, p. 24.

## Prospective Offerings

**ATCHISON, TOPEKA & SANTA FE RAILWAY (7-9)**  
May 28, 1974 it was reported that this road plans the sale of \$15,000,000 of equipment trust certificates, due annually 1975-89. Underwriter — Competitive bidding. Bids expected on July 9 at noon.

**ATLANTIC CITY ELECTRIC CO. (7-24)**  
May 20, 1974 it was reported that this company plans to sell about \$20,000,000 of preferred stock. Method of sale is to be determined. Offering expected on July 24. V. 218, p. 1215.

# New Issue Calendar as of June 10, 1974

## JUNE 10 (MONDAY)

Current Interest Inc.  
(Funds, Inc.) 1,500,000 common.  
Merchants Marine Bonds  
(Blyth Eastman Dillon & Co., Inc.;  
Hornblower & Weeks-Hemphill, Noyes,  
Inc.) \$32,000,000 bonds.  
Public Service Electric & Gas  
(Bids at noon) 750,000 preferred.

## JUNE 11 (TUESDAY)

Niagra Mohawk Power Corp.  
(Drexel Burnham & Co. Inc.; White, Weld  
& Co. Inc.; Merrill Lynch, Pierce, Fenner  
& Smith Inc.) 3,500,000 common.  
Norfolk & Western Railway  
(Salomon Brothers \$15,000,000 cer-  
tificates.  
Pacific Northwest Bell Telephone Co.  
(Bids at 11 a.m.) \$90,000,000 debentures.

## JUNE 12 (WEDNESDAY)

Alabama Power Co.  
(Bids at 11 a.m.) \$100,000,000 bonds.  
Cummins Engine Co.  
(First Boston Corp.) 250,000 preferred.

## JUNE 13 (THURSDAY)

Delmarva Power & Light Co.  
(Bids at noon) \$35,000,000 bonds.  
Ohio Edison Co.  
(Bids to be received) 3,000,000 common.  
Pennsylvania Electric Co.  
(Bids at 11 a.m.) 350,000 preferred.  
Pennsylvania Electric Co.  
(Bids at 11 a.m.) \$50,000,000 bonds.

## JUNE 17 (MONDAY)

American General Insurance Co.  
(Goldman, Sachs & Co.; Lehman  
Brothers Inc.; Keefe, Bruyette & Woods  
Inc.) \$100,000,000 debentures.  
Long Island Lighting Co.  
(Bids at noon) \$60,000,000 bonds.  
Matrix Commodities, Inc.  
(Phillips, Appel Walden Inc.) 200,000  
common.  
PBT Tax-Exempt Bond Fund  
(Prescott, Ball & Turben) 7,500 units.  
Texland Petroleum Inc.  
(McDonald & Co.) 300 interests.

## JUNE 18 (TUESDAY)

Baltimore Gas & Electric Co.  
(First \$40,000,000 debentures.  
Indiana & Michigan Electric Co.  
(Bids at 11:45 a.m.) 300,000 preferred.  
Indiana & Michigan Electric Co.  
(Bids at 11 a.m.) \$70,000,000 bonds.

## JUNE 19 (WEDNESDAY)

Central Power & Light Co.  
(Bids at noon) \$40,000  
Central Power & Light Co.  
(Bids at noon) \$40,000,000 bonds.  
Cincinnati Gas & Electric Co.  
(Morgan Stanley & Co. Inc. \$40,000,000  
preferred.  
Columbia Gas System, Inc.  
(Bids at 11 a.m.) \$40,000,000 debentures.  
Manitoba Hydro-Electric Board  
(Merrill Lynch, Pierre, Fenner, & Smith  
Inc.) \$75,000,000 bonds.  
Modicon Corp.  
(Alex Brown & Sons; Tucker Anthony &  
R.L. Day) 325,000 common.

## JUNE 20 (THURSDAY)

Arkansas Power & Light Co.  
(Bids at noon) \$40,000,000 bonds.  
Florida Power Corp.  
(Kidder, Peabody & Co. Inc.; Merrill  
Lynch, Pierce, Fenner & Smith Inc.)  
1,800,000 common.

## JUNE 24 (MONDAY)

Virginia Electric & Power Co.  
(Bids at noon) \$125,000,000 bonds.

## JUNE 25 (TUESDAY)

Boston Edison Co.  
(Bids at 11 a.m.) \$75,000,000 bonds.  
Florida Power Corp.  
(First Boston Corp.) \$40,000,000 common.  
Pacific Telephone & Telegraph Co.  
(Bids at noon) \$100,000,000 notes.  
Pacific Telephone & Telegraph Co.  
(Bids at 11 a.m.) 250,000,000 debentures.  
Southern Southern Pacific Railway  
(Bids at noon) \$75,000,000 bonds.

## JUNE 27 (THURSDAY)

Baltimore Gas & Electric Co.  
(Bids at noon) \$75,000,000 bonds.

## JULY 1 (MONDAY)

J. P. Cabot Short-Term Fund, Inc.  
(J. P. Cabot Advisory Corp.) 5,000,000  
common.  
Parkview Associates  
(Piper, Jaffray & Hopwood, Inc.) 5,200  
interests.

## JULY 8 (MONDAY)

Columbia Gas System Inc.  
(Bids at noon) \$1,000,000 preferred.

## JULY 9 (Tuesday)

Atchison Topeka & Santa Fe Railway  
(Salomon Brothers) \$15,000,000 cer-  
tificates.

## JULY 10 (WEDNESDAY)

Northern States Power Co. MN  
(Bids at 11 a.m.) \$30,000,000 preferred.  
Wisconsin Public Service Co.  
(Merrill Lynch, Pierce, Fenner & Smith  
Inc.) 1,000,000 common.

## JULY 11 (THURSDAY)

American Natural Gas Co.  
(Bids at 4 p.m.) \$55,000,000 common.  
Iowa Electric Light & Power Co.  
(Bids at 11 a.m.) \$30,000,000 bonds.

## JULY 15 (MONDAY)

Bell Telephone Co. of Pennsylvania  
\$175,000,000 debentures.

## JULY 16 (TUESDAY)

Potomac Electric Power Co.  
(Merrill Lynch, Pierce, Fenner & Smith  
Inc.) \$50,000,000 common.  
South Carolina Electric & Gas Co.  
(Kidder, Peabody & Co., Inc.) \$35,000,000  
bonds.  
Tennessee Valley Authority  
(Bids at 11 a.m.) \$100,000,000 bonds.

## JULY 17 (WEDNESDAY)

Georgia Power Co. Co.  
(Bids at 11 a.m.) \$130,000,000 bonds.  
Georgia Power Co.  
(Bids at noon) \$60,000,000 preferred.

## JULY 18 (THURSDAY)

General Telephone Co. of Florida  
(Bids at 11 a.m.) \$50,000,000 bonds.  
Tampa Electric Co.  
(Stone & Webster Securities Corp.) 750-  
1,000,000 common.

## JULY 22 (MONDAY)

Puget Sound Power & Light Co.  
(Merrill Lynch, Pierce, Fenner & Smith  
Inc.) \$14,000,000 common.

## JULY 24 (WEDNESDAY)

Atlantic City Electric Co.  
\$20,000,000 preferred.  
Boston Edison  
\$75,000,000 debentures.  
Narragansett Electric Co.  
(Bids at 11 a.m.) \$25,000,000 debentures.

## JULY 30 (TUESDAY)

Michigan Consolidated Gas Co.  
(Bids at 11 a.m.) \$40,000,000 bonds.

## JULY 31 (WEDNESDAY)

Iowa Power & Light Co.  
(Bids to be received) \$20,000,000 bonds.

Iowa Power & Light Co.  
\$12,000,000 common.

## AUGUST 6 (TUESDAY)

Mountain States Telephone & Telegraph  
Co.  
\$175,000,000 debt securities.  
Wisconsin Electric Power Co.  
(Merrill Lynch, Pierce, Fenner & Smith  
Inc.) \$35,000,000 common.

## AUGUST 7 (WEDNESDAY)

Rochester Gas & Electric Co.  
(Bids at 11 a.m.) \$35-40,000,000 deben-  
tures.

## AUGUST 8 (THURSDAY)

Indianapolis Power & Light Co.  
\$60,000,000 debentures.

## AUGUST 12 (MONDAY)

Virginia Electric & Power Co.  
(Merrill Lynch, Pierce, Fenner & Smith  
Inc.; Morgan Stanley & Co. Inc.) 4,000,000  
common.

## AUGUST 13 (TUESDAY)

Tucson Gas & Electric Co.  
(Blyth Eastman Dillon & Co. Inc.)  
\$20,000,000 common.

## AUGUST 14 (WEDNESDAY)

Dayton Power & Light Co.  
(Morgan Stanley & Co. Inc.) \$30,000,000  
common.

## AUGUST 21 (WEDNESDAY)

Puget Sound Power & Light Co.  
(Bids at 11 a.m.) \$30,000,000 bonds.

## AUGUST 27 (TUESDAY)

Louisville Gas & Electric Co.  
(Bids at 11 a.m.) \$25, \$25-30,000,000 bonds.  
Northwestern Bell Telephone  
\$175,000,000 debt.

## SEPTEMBER 4 (WEDNESDAY)

National Fuel Gas Co.  
(Bids at 11 a.m.) \$30,000,000 debentures.

## SEPTEMBER 10 (TUESDAY)

Southern Co.  
(Bids to be received) \$12-185,000,000  
common.

## SEPTEMBER 11 (WEDNESDAY)

Philadelphia Electric Co.  
(Drexel Burnham & Co., Inc.)  
\$100,000,000 common.  
Houston Lighting & Power Co.  
(Bids at 11 a.m.) \$100,000,000 bonds.

## SEPTEMBER 17 (TUESDAY)

Central Maine Power Co.  
(Kidder, Peabody & Co. Inc.) \$10,000,000  
common.

Idaho Power Co.  
(Bids at noon) \$50,000,000 bonds.  
South Central Bell Telephone Co.  
\$225,000,000 of debt securities.

## SEPTEMBER 19 (THURSDAY)

Portland General Electric Co.  
\$25,000,000 debentures.  
Niagra Mohawk Power Corp.  
(Bids at 11 a.m.) \$60,000,000 preferred.

## OCTOBER 1 (TUESDAY)

Indiana Bell Telephone Co.  
(Bids to be received) \$80,000,000 debt  
securities.

## OCTOBER 4 (FRIDAY)

New England Telephone & Telegraph Co.  
6,500,000 common.

## OCTOBER 7 (MONDAY)

Pacific Gas & Electric Co.  
(Blyth Eastman Dillon & Co. Inc.)  
\$100,000,000 common.

## OCTOBER 8 (TUESDAY)

Public Service of New Mexico  
(Bids at 11 a.m.) \$30,000,000 bonds.

## OCTOBER 17 (THURSDAY)

Montana-Dakota Utilities Co.  
(Bids at 11 a.m.) \$20,000,000 bonds.  
Montana-Dakota Utilities Co.  
(Bids at noon) 100,000 preferred.

## OCTOBER 22 (TUESDAY)

Southern California Gas Co.  
(Bids at noon) \$50,000,000 bonds.  
Tennessee Valley Authority  
(Bids at 11 a.m.) \$100-150,000,000 bonds.

## OCTOBER 23 (WEDNESDAY)

Gas & Electric Pacific Power & Light Co.  
(Bids at noon.) \$60,000,000 debentures.

## NOVEMBER 6 (WEDNESDAY)

Alabama Power Co.  
(Bids at 11 a.m.) \$80,000,000 bonds.

## NOVEMBER 12 (TUESDAY)

New England Telephone & Telegraph Co.  
\$150,000,000 debentures.

## NOVEMBER 19 (TUESDAY)

San Diego Gas & Electric Co.  
\$22,000,000 common.

## DECEMBER 3 (TUESDAY)

Union Electric Co. \$45,000,000 common.

## DECEMBER 10 (TUESDAY)

Georgia Power Co.  
(Bids at 11 a.m.) \$130,000,000 bonds.  
Philadelphia Electric Co.  
(Bids at noon) \$125,000,000 bonds.

## DECEMBER 11 (WEDNESDAY)

Pacific Lighting Service  
(Bids to be received) \$30,000,000  
debentures.

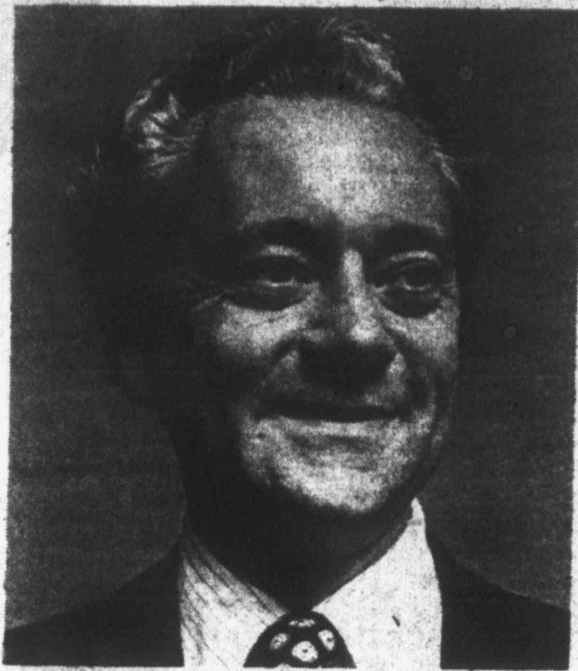
## JANUARY 21 (TUESDAY)

Tennessee Valley Authority  
(Bids to be received) \$100,000,000 bonds.

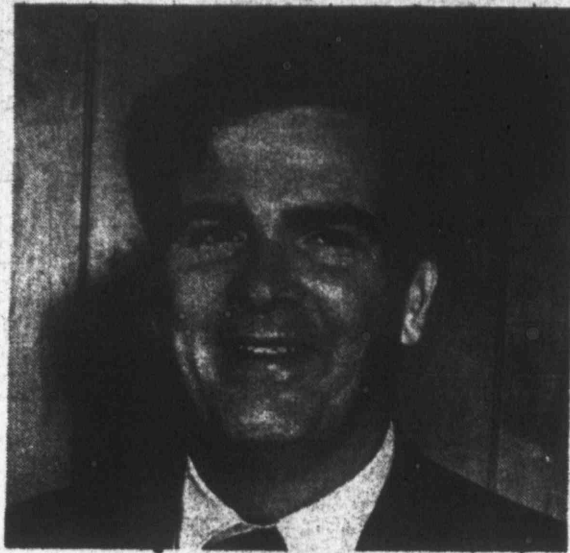
## APRIL 15, 1975 (TUESDAY)

Tennessee Valley Authority  
(Bids at 11 a.m.) \$100,000,000 bonds.  
Tennessee Valley Authority  
(Bids at 11 a.m.) \$100,000,000 bonds.

# Nashville Security Dealers Association Inc.



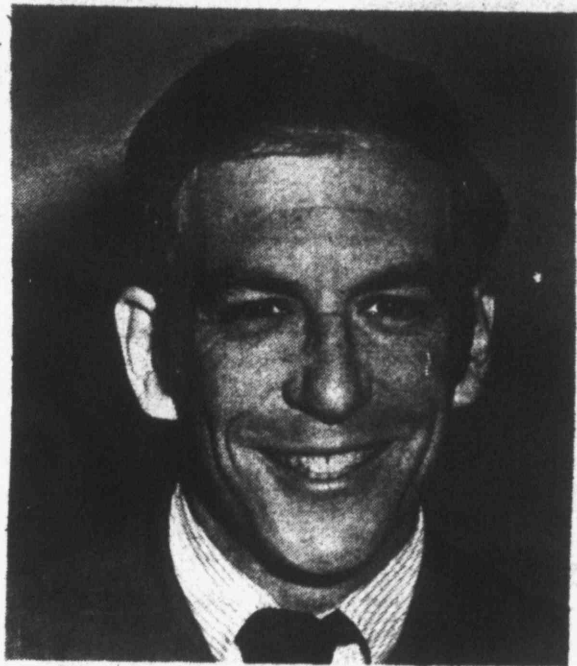
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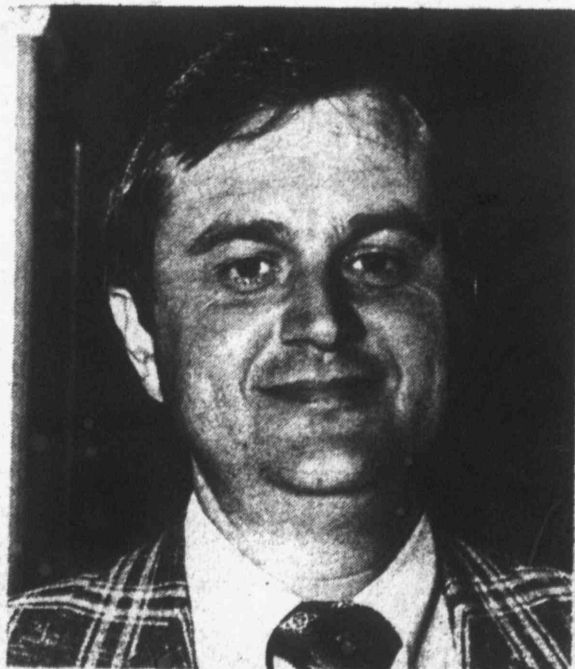
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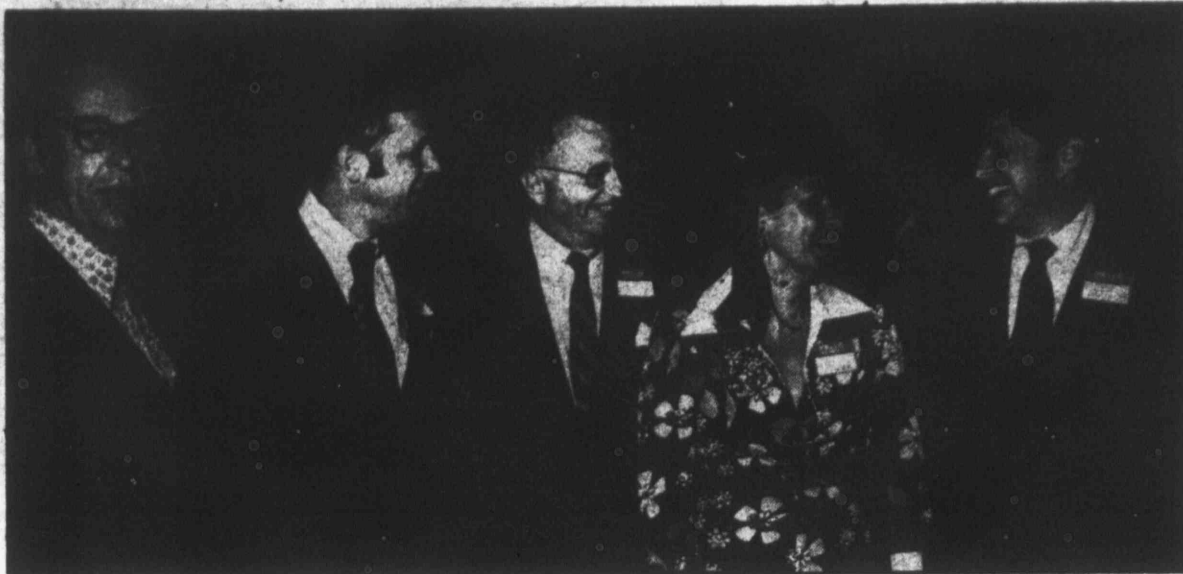


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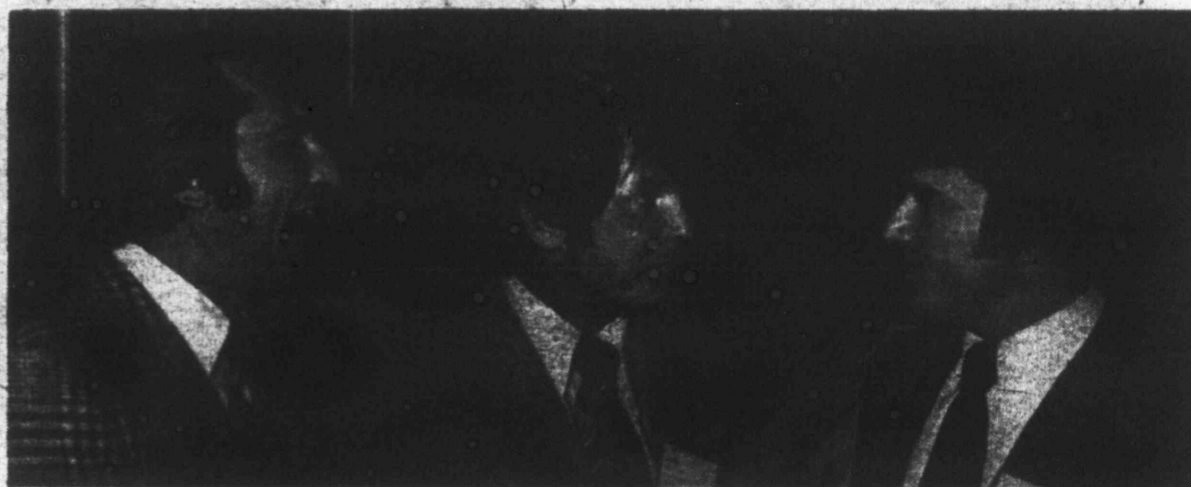
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**The Cherokee Securities Company**

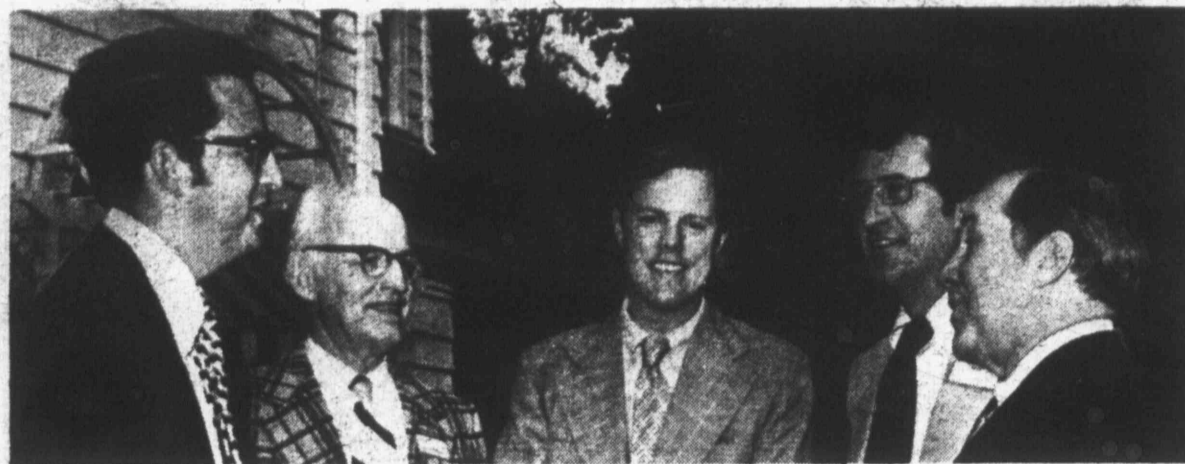


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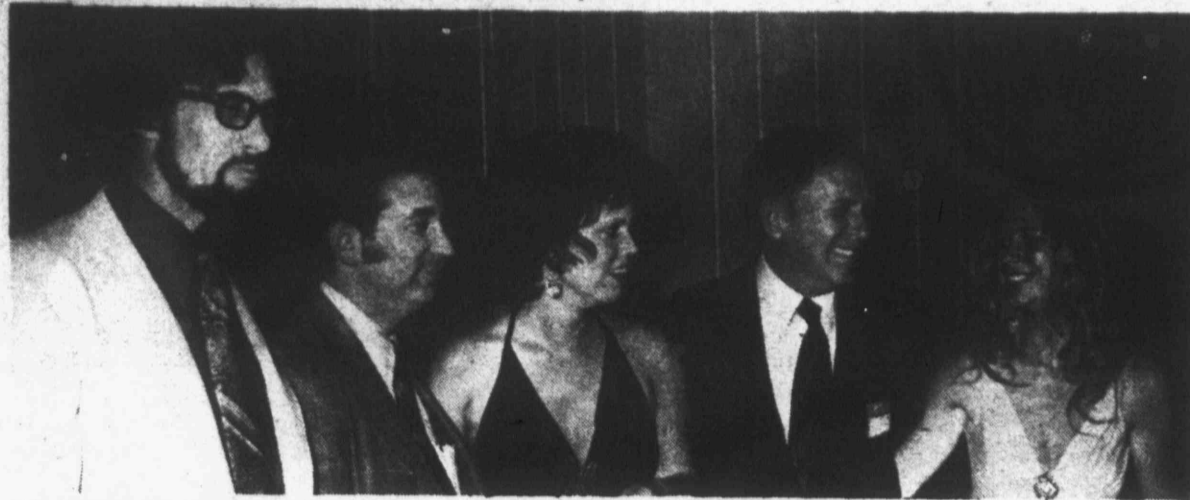
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# Coming events

June 9-12, 1974 (Canada)

Investment Dealers Association of Canada 58th annual Convention at the Empress Hotel, Victoria, British Columbia  
June 9-21, 1974 (Ann Arbor, Mich.)

Securities Industry Association Public Finance Institute at the Graduate School of Business, University of Michigan  
June 10, 1974 (New York City)

Financial Accounting Standards Board public hearings on accounting issues related to foreign currency translation at the Waldorf Astoria Hotel

June 10-11, 1974 (New York City)

"The Securities Industrial Revolution" — third bi-annual conference sponsored by the New York Stock Exchange and its Marketing Advisory Committee, at the New York Hilton

June 12, 1974 (New York City)

Securities Industry Association Financial Management Division educational dinner at the City Middy Club

June 12-13, 1974 (Minneapolis, Minn.)

Twin City Bond Club annual outing at the North Star Inn and White Bear Yacht Club  
June 13-14, 1974 (New York City)

Practising Law Institute seminar on Option Trading at the Biltmore Hotel

June 13-16, 1974 (Ponte Vedra, Fla.)

Southern District Securities Industry Association annual meeting

June 14-16, 1974 (Los Angeles, Calif.)

Security Traders Association of Los Angeles annual spring outing at the Canyon Hotel, Palm Springs, Calif.

June 15-18, 1974 (Santa Barbara, Calif.)

California District Ten Securities Industry Association annual convention at the Santa Barbara Biltmore

June 20-21, 1974 (San Francisco, Calif.)

Practising Law Institute seminar on Real Estate Securities at the Sheraton Harbour Island Hotel

June 27-28, 1974 (Cleveland, Ohio)

Cleveland Security Traders Association annual outing at the Acacia Country Club  
June 28, 1974 (New York City)

Security Traders Association of New York third annual Golf & Tennis Outing at the Maplewood Country Club, Maplewood, N. J.

June 28-29, 1974 (St. Louis, Mo.)

Security Traders Association of St. Louis annual party at the Belair Hotel

July 17-19, 1974 (New York City)

Practising Law Institute workshop on "Techniques of Mergers and Acquisitions," at the St. Regis Sheraton

July 18-19, 1974 (Pittsburgh, Pa.)

Pittsburgh Securities Traders Association annual outing at Seven Springs Mountain Resort



## Security Salesman's Corner

# Discouraging risky investments for clients

By John Dutton

**EDITOR'S NOTE:** John Dutton is the pen name of William S. Baren, long a registered representative associated with a New York Stock Exchange member firm.

Back in the twenties when the general public was first introduced to the many vagaries of stock and bond investment, there was a classic saying among securities salesmen. It went, "The life of your clientele is five years."

During the years that followed the market break of 1929, there have been periods when investors have seen their capital shrink substantially, such as during 1937, or again during 1946 and 1949, into the fifties and sixties.

The ebb and flow of economic forces, of war, of booms, of depression and recession, and of growth in one industry and decadence in another have taken their toll.

During the years when security prices have been rising and dividends have been increasing, security salesmen have plodded away, gaining new clients and adding to their circle of customers and friends.

Their main problem has been evident only when bear markets have eventually taken their toll of investor confidence. This is the time when the hard work of several years is often washed away, and the good friend and steady customer of those happier days no longer calls on the telephone but goes elsewhere to place his orders.

This situation has plagued the securities business for almost as long as we have known widespread participation by the public in corporate forms of investment.

Very little has been done by the securities industry to eradicate the vast area of investor misunderstanding that still exists today. Instead of attempting to educate the investing public along the lines of sound procedures, in many cases we have taken the road that leads to quick profits. This is the line of least resistance.

Only too often have we encouraged the purchase of highly speculative securities at

the top of a boom. During the sixties a flood of "new issues" of the most promotional character were sold to the public.

Investment firms that had never been prominent in the underwriting field created new stock issues and had no difficulty whatsoever in selling them almost immediately.

Great speculative enthusiasm ran all through the investing community — brokers, customer's men, underwriters, unlisted dealers and the customers themselves, all had the fever. Everyone was seeking something for nothing — over subscription was the test of value — not the intrinsic merit of the security itself.

Historically, the public buys the less conservative type of investment security at the top of a boom. Instead of looking for safety and building up reserves, they almost compel the investment salesman to sell them speculative stocks. They are often very much like the man who came to my desk back in 1929 before the crash. It so happened that one of my distant relatives was the president of a company that was offering stock to the public for the first time in its history. This company had only a fair record of earnings, and although it was well thought of locally, there seemed to be grave question upon the part of the firm for whom I worked, as to the value of the stock at the price it was being offered. Despite the admittedly high price for this stock, the over-subscription was heavy, and the when-issued market soared substantially the day before the offering took place.

One of my steady customers told me that he wanted a certain amount of that stock, and that he thought I should be able to secure it for him. I tried to tell him something about the facts of life — the low yield — the high ratio of price to earnings — the increased burden that would be placed upon management to earn the additional dividends made necessary by this financing — and I even went so far as to tell him that when I had asked my cousin about it, he told me that he didn't think I should buy the stock. The man looked at me in amazement. He actually thought I was trying to keep him from getting in on a good thing. He said, "If that is all you fellows can do for me after all the business I have brought in here to you, you know what you can do." I finally got him 50 shares on the original offering, and the company eventually went into a dismal receivership that lasted for many years.

A man's money is his most important asset next to his health. In most cases he thinks more about it that he does about his health.

Money is his nerve center. We are dealing with the future welfare of those people who do business with us. If we recommend the wrong stocks to the wrong people — if we recommend the wrong stocks at the wrong time — or the right stocks at the wrong time — if we do not do a complete investment job for our clients, somebody is going to be hurt.

In other lines of business the hurt can be bad for the client, too — but in our business it can be even more than a mistake — it can be the end of the road for our client — and for us, as far as any future business relationship is concerned.

# Restructuring securities firm

Continued from page 9

corporation in investment banking property and casualty insurance, and keyman life insurance, group life insurance, a Profit Sharing plan, and many others with a qualified person from our staff who helps him fill the needs he identifies.

This redesignation was important also in the effort within our firm and which I feel should be an effort in our industry generally to acquire the image of a profession, not a trade. We are, in fact, a profession offering valuable advice and service to our clients similar to an accountant or an attorney. I stress the word valuable. It is only by seeing that value that we can confidently price that service. Our clients are interested in results and service much more than cost. Firms that do not believe in that premise will not long survive.

Next we have attempted to identify costs related to services we offer. This is still relatively new to us and to the industry and is still very imprecise, but we found by analyzing services in terms of time involvement (by account consultant and in-house staff); direct and finally liability—we were able to develop some guidelines to assist us in our pricing.

We also decide that in security transactions complete unbundling would confuse the client and lead to great inefficiency in our own operations department and therefore decided to set minimums for smaller transactions in which the account consultant would not share, leaving him to propose additional charges to reflect his expertise and time which we would both share in.

These latter charges are reviewed by the Executive Vice President of our firm for reasonableness. This is being done on all orders even those above \$2,000. On these the account consultant does participate. This philosophy has helped the account consultant evaluate the worth of his services and expertise. Incidentally, commissions have risen. It is quite possible that these latter additional charges may evolve

into an account fee unrelated to particular transactions.

In this effort we found that smaller investors couldn't, in some cases, justify paying the basic minimums necessary for us to provide quality service. For them we arranged with Bradford Trust Company, Inc. to offer them an opportunity to purchase individual securities through V.I.P., the Voluntary Investment Plan, and became the first broker to offer such a plan. We have also found this new package attractive to employers desiring to give their employees a "free" fringe benefit and to associations wishing to offer additional benefits to their members.

Much discussion has occurred and will occur about institutional business, admittedly not a majority of our business. I believe these entities will be open to suit if they trade with other than that firm offering them the lowest possible cost. I think this will be true even if legislation is passed saying the concept of payment for research is appropriate because no one will define how much is "appropriate."

My feeling on this problem is that firms who service these accounts must sell their valuable service in a different way, perhaps in hard dollars, which costs the institutions will pass on to their accounts in additional management fees to offset former lower commissions they may pay by dealing directly with dealers or with brokers concentrating only on executions. Again we must believe in the worth of our service to accomplish this.

The key again is to step back and decide what you should and can offer your clients; imbuing your representatives with the knowledge that these services are worthwhile and then, after a cost analysis, set a pricing schedule for these services to justify your efforts and those of your representatives.

We're happy with our second round of experiences and look forward to the third — confident that our variety of services and professional service will give our accounts the results they deem much more meaningful than their cost.

## Geon, Burmah Oil agree on merger

Geon Industries Inc. and Burmah Oil Inc. have executed an agreement providing for Burmah's acquisition of Geon's assets for a price of slightly less than \$24 million.

Geon said that as previously announced, the price would be equivalent to \$10.75 per Geon share after expenses and the reserve for contingencies.

Geon said it expected to submit the agreement approval at a shareholders meeting to be held on July 2 and to mail proxy material later this week.

In addition to shareholder approval, the acquisition is subject to a number of conditions contained in the agreement.

Burmah Oil is a U.S. subsidiary of Burmah Oil Ltd., the British company. The acquisition was originally announced last December, but the price was lowered after Geon revised its earnings report.

In April a number of Geon officials and others were charged by the SEC with insider trading violations based on the revised earnings report.

## I remember Wall Street

## How Actors Fund was sold to 'pigeons'

By JACOE

During a span of 65 years in the business, one could not help but meet all types of individuals, all sorts of characters, blunt bluff, conceited, reserved, outgoing, blustering, taciturn, and most of all most peculiar.

The following capsuled descriptions may seem the product of fiction. Nevertheless, they are factual. Many characters are no longer around, and some of them are out of touch. So I do not know whether they may come forth at some date in the future to affirm or deny my "remembers." Still, this is how it was.

## An odd ball

Let us begin with an odd ball whose name I remember, but have not heard from in 30 or 40 years. I first met him in Reno, Nev. in 1934. His name was Byron Sheppard. He was divorced and lived in a small home on the outskirts of Reno.

Sheppard loved to play the stock market, and kept his own book of bar charts. He also had permission from the New York Stock Exchange to install a stock ticker in his house. More than that, he had a private telephone to a member firm in San Francisco.

Up to now, the facts are not too unusual.

What was unusual however, was that Byron Sheppard lived on New York time.

His meals were taken and his personal habits were geared as though he were still living in New York.

## SEC questions NASD authority

The Securities and Exchange Commission has questioned the authority of the National Association of Securities Dealers to regulate issuers or sponsors of tax-shelter programs.

The NASD, the self-regulatory organization for the over-the-counter securities market, proposed standards last year that, in addition to regulating NASD member firms, would indirectly impose standards on tax-shelter programs as well.

Such programs involve the sale of securities in oil and gas, real estate syndications, orange groves and other ventures to wealthy investors who can benefit from tax advantages offered by the programs.

In a letter to NASD President Gordon S. Macklin, the SEC said it doesn't believe the NASD has the authority to write standards that rigidly regulate issuers or sponsors of tax-shelter programs.

Instead of issuing specific, mandatory standards for the sponsors of the programs, the SEC said, the NASD should issue broad, general guidelines for its members to follow in recommending tax-shelter programs to their customers.

An NASD spokesman said the association wouldn't have any comment on the letter which was delivered May 6 but wasn't released by the SEC until last Wednesday.

The spokesman said the NASD's tax-shelter committee which issued the 80-page proposal last year will meet next week to issue revised rules.

Each morning he rose at 5, had his breakfast at 5:30, and read all the relevant items concerning world and Wall Street affairs which came over the private wire from San Francisco. Of course, he also tuned in his radio, which had long and short wave appendages. By 7 he was ready for the New York stock market opening. At 9:30 he ate lunch, and at 4 in the afternoon, ate dinner. He retired around 8 in the evening and slept an average of eight to nine hours.

Sheppard and I kept in touch for many years, and so far as I could tell his denial of California time did not impair his market judgement or trading ability.

Eventually we lost contact, but I always imagined what might have happened if he had tried his procedure in Honolulu, for example. Or Tokyo.

## Manny, the fund raiser

Another Wall Street personality was Manny Strauss. Manny was born in Cincinnati. His family was in the dry cleaning business, which evidently held no charm for him, and so Manny came to New York City for the purpose of demonstrating his talents as a fund raiser.

His ability along this line was second to none, as it turned out, and he came to the attention of Daniel Frohman at that time. Frohman was one of the leading Broadway producers. Frohman was also president of the Actors Fund of America, a role he performed from 1904 until his death in 1941. He had also served continuously on the board of trustees from 1882 until his death.

I expect that most Wall Street people know little about the Actors Fund of America, which was chartered in 1882 and created for the purpose of taking care of actors and actresses who could not support themselves. In its first year the fund spent over \$12,000 for relief. At that time many show people were still regarded as charlatans and mountebanks, and frequently were refused care at hospitals. Today the Actors Fund spend as much as \$500,000 a year to meet appeals from all over the U.S.

However, early in 1919, the fund had only a modest amount of capital, and Manny Strauss was approached for a plan under which the fund could gather in some substantial tax-free contributions.

At the time, a bull market was in progress on Wall Street. In fact, the end of World War I had created tremendous pent up demand for goods, commodities, luxuries, and everything else that had been stifled by war-time pressure.

Wall Street's firms were prosperous, and the brokers themselves, were in the chips.

This was fertile soil for Manny Strauss. He would exploit. He would sell Broadway to Wall Street. He would move some of the Wall Street profits into the Actors Fund of America.

## Two Pigeons

Not until years later did I learn that the big pigeon for this effort was to be Jules Bache, and that I had been "fingered" to be a little sparrow to entice the "Big Pigeon."

I do not remember just how, when and

where I first met Manny Strauss, but years later he told me it had been contrived. He telephoned me constantly, took me to lunch, and sometimes dinner. He was always brainwashing me a little about Broadway, I remember, its actors and actresses. Somehow he always had the best tickets for the most popular shows.

There was one incident I shall never forget. In fact, I recall it frequently, especially after a big dinner party when one of my guests wants to tip the doorman, or pay for some trifle.

Manny and I were getting along beautifully. I had introduced him to Jules Bache, and we had discussed the Actors Fund of America. Daniel Frohman had been a luncheon guest in the Bache downtown dining room, and things were leading up to a proposed dinner at the Bache home uptown.

Invitations would be sent out to the top senior partners of leading Wall Street houses to meet not only Daniel Frohman, but also some of the very top leading and distinguished actors and actresses.

## A special Show

Manny was so pleased with the progress we were making that he invited me to a special show with him. It turned out to be one of the most popular shows on Broadway, and we had super seats. Later we stopped at Schraffts for an ice cream soda. Manny did not drink, and I had never tasted anything stronger than Benedictine, and it was often that that I was taught my little lesson.

Since I lived in Brooklyn and Manny lived in Greenwich Village, we routinely started for the subway. I went ahead to put two nickels into the coin slot, one for him and one for me, but Manny became furious. He stopped me, took out two nickels, and said: "Don't you ever do anything like this again as long as you live. When you are out with your host, do not spoil his pleasure. Do not taint his generosity with some small picayune gesture that makes you think you contributed partially to a party."

Many is the time I have told and retold that story. It has an effect. It was Manny too, who told me never to wear pink shirts. I was addicted to them at that time because they were at variance with the Wall Street image. He even told me to sever my connections with the Wall Street Journal and the semi-weekly column called "The Golden Fleece", which I wrote under the nom-de-plume of "Jason". The column was a collection of humorous comments, poetry, letters from a customer to his broker and other trivia.

Manny said I was engaged in handling people's money and that money, next to health, was the most important thing in the minds and hearts of most people. They wanted a serious man to handle their funds. Ergo, I should never be known as Wall Street's funny man. So I switched to white shirts, somber neckties, and even discontinued the Wall Street Journal column. I still have some of the satirical poems, which read well despite their age of 54 years.

## The Bache Dinner

Eventually Jules Bache gave the dinner in honor of Daniel Frohman that Manny wanted. Twenty-five top Wall Street men were invited to Bache's uptown mansion. I wore my new tuxedo, and ate terrapin for the first time in my life. A 26-year-old Dutch boy from Brooklyn, I was dazzled beyond my dreams. The dinner was more than a mere culinary success too since \$100,000 a fortune then, was raised. The Actors Fund of America was in business. It could even buy a home for its applicants.

Manny Strauss went further and organized other fund raising events in other industries. In this cloak and suit, insurance, chain stores, and real estate industries. But I have no idea how well they did or how much money was raised in

comparison with Wall Street.

Anyway, thanks to Strauss I had smelled something of the big time, the upper crust, the cognoscenti of the financial world, and it fired my ambition to become one of them. I believe I nearly made it, that is I went as far as I want to.

## A nephew of Freud

An account of personalities should carry something about Edward L. Bernays and his remarkable wife of more than 50 years, Doris Fleischman.

I happen to be a devout believer that talent is conveyed in the transfer of genes, though not necessarily directly to children by their parents. Often nephews and nieces are the recipients of unusual talents from grandparents.

My father was one of 12 and my mother was one of 11. I was an only child. Yet I can definitely trace many talents (please excuse the immodesty) to an uncle on my mother's side, an uncle whose interests included literature, art, chess, music and finance. He also was proficient in seven languages, though I can boast only of English and a smattering of Dutch.

This is kind of a roundabout lead in to Eddie Bernays, who besides being a nephew of Sigmund Freud, was an outstanding public relations expert in the early thirties and forties.

To set the record straight public relations was something special then. Obscure characters were molded and made, important characters were glamorized and humanized. Big things were accomplished.

Remember Ivy Lee who taught old John D. Rockefeller Sr. to give away dimes. Well, Eddie Bernays created flesh and blood out of such corporate giants as Alfred P. Sloan Jr. of General Motors, Henry Ford, who was an adviser to Calvin Coolidge, Herbert Hoover, Franklin D. Roosevelt, Harry S. Truman and Dwight Eisenhower.

He also had professional association with such national figures as Al Smith, Enrico Caruso, Thomas Edison, Henry Luce and David Sarnoff.

## The Times is framed

In the fall of 1972 the Bernays celebrated their golden wedding anniversary at the Harvard Club in Boston. We obtained a photostatic copy of the front page of the New York Times of 50 years ago, had it framed in gilt, not gold since it was too expensive, and took it to their dinner. Today it hangs in their bedroom in Cambridge. The head lines featured scandal in Washington, Middle East difficulties and earthquakes.

Eddie and Doris were well known for their Sunday afternoon and evening buffets, either in Washington Square or Irvington-on-the-Hudson. During the Franklin Roosevelt New Deal period, they were right in the middle of things. Often we were invited to one of their Sunday night buffets to find ourselves the only Republicans there.

Bernays was and is still one of the most articulate men I have ever met. As new arrivals entered his living room, Eddie could in seconds introduce the new guest to the gathering with a complete dossier worthy in length of the CIA or FBI dossiers. Only once was he tongue-tied. It was when my wife and I had just returned from an extensive European trip. Somehow Eddie had acquired a copy of my itinerary. When we arrived, he introduced me first, and ran through the names, places and activities without a second breath. But when my wife was to be presented, he paused, and paused again. It was she who rescued him with the words "Just a Mother."

Ed Bernays wrote a marvelous book about his life and times. He was nice enough to mention that if any one wanted to know anything about Wall Street, they should consult me. With this, I return the compliment.