

Inside

SWINDLES

The SEC is investigating two massive swindles involving prominent persons. The head of a Northern Virginia bank has quit as the result of the bank's losses in an allegedly phony wine deal and many politicians and stage and screen celebrities suffered losses in a massive oil and gas tax-shelter deal. For the details on both, see Page 2.

MARSHALL FIELD

The big Chicago retailer had a pretty good first quarter this year, suprising itself and analysts covering the retail industry. See Page 6.

INSIDER TRADING

Insiders at Milwaukee Professional Sports and Services Corp., owner of the Milwaukee Bucks pro basketball team have been buying the company's stock in anticipation of a rebound in its price. The Bucks play in last season's playoffs was profitable for the firm. See Page 6.

FLORIDA BANKS

Florida's bank holding companies are apparently suffering from the "Citibank Syndrome." Thus, the sun seems to have faded for the stocks of the Sunshine State's banks. See Page 7.

STRAIGHT TALK

Citicorp's massive financing proposal is threatening its competition. For the hows and whys see Page 8.

INDEXING

Walter Heller and Albert Fishlow examine Brazil's experience with indexing as a means of making inflation painless. Is this the prescription for what ails the United States? Find out on Page 10.

FINANCIAL NEWS DIGEST

From their actions at the meetings of the Opec nations, it would appear that the Saudi Arabians are intent on cutting oil prices, at the same time increasing production. Much depends upon how the Mideast peace talk negotiations progress. In other news, Amtrak seems to be on the right track. Read about these and other happenings in the world of finance and business starting on page 15.

Securities in registration begins on page 23.

New issue calendar, Page 27

Municipal Bond Club section begins on Page 28.

Statistical Section begins on Page 1A.

Closing prices on the NYSE and Amex begin on Page 4A.

The Lockheed-Textron deal is a bonanza for all shareholders



WILLIAM MILLER
...Nobody loses

By LLOYD HAAS
Special to the Chronicle

The Textron Inc. financial plan to rescue ailing Lockheed Aircraft Corp. is viewed by many as having been conceived on a wing and a prayer. But closer scrutiny of the bottom line potential of the deal reveals it could prove a bonanza to shareholders of both companies, provided all conditions of the plan are met.

The complex and ambitious plan, masterminded by Lazard, Freres & Co., Lockheed's financial advisor, takes dead aim at stanching the earnings drain from the L-1011 jumbo commercial jetliner operation and mountainous interest costs on a top-heavy debt structure — the two problems at Lockheed.

If the L-1011 program moves toward a break-even current basis, operating profits from Lockheed's government aerospace programs should be \$3 or more per share, suggests a recent commentary by Argus Research. There is also a potential swing factor in interest savings, as part of the plan, of about \$45 million or 70 cents per share assuming a full-tax rate.

G. William Miller, the 49-year-old lawyer who heads Textron and who would become chairman and chief executive officer of Lockheed as well, has said that "no one loses on a deal like that over the long-run, provided everything falls into place."

Presently, the plan is only an agreement to reach an agreement with a target date of Nov. 30, 1974 set for signing, provided certain conditions are met before then.

Among the conditions are that Lockheed must find 45 additional firm orders for its

\$20-million L-1011 wide-jetliner, bringing the total program, including those planes already delivered, to 180. The second buys require minimum downpayment, but are not firm orders. Thus, Lockheed and Textron and the Lazard, Freres people and the clout they can bring to bear on the subject, which is plenty, must find a way to convert about two-thirds of the second buys into firm orders or find new buyers. But, in any case the magic number is 45.

Charles Macko, institutional aerospace analyst at Haas Securities Corp., would like to see Lockheed pull the 45 orders out of the air line industry, but he says "the competition from Boeing and McDonnell Douglas on their jetliners will make it tough sledding and airline industry conditions are not right."

Textron's Miller concedes that "there are some airlines that have particular problems and won't be able to change their orders on L-1011's to firm commitments. Eastern Airlines is one of them. But British Airways, Delta, TWA, Air Canada, the Saudi Airline, Cathay Pacific, Air Nippon and others are in the position to do it."

Other conditions

Provided the 45 sales slips come across the desk before Nov. 30, the other conditions of the deal may not prove too difficult to hurdle. They include:

—Release by Lockheed's 24 creditor banks of the Government guarantee on \$220 million of the \$620 million bank debt outstanding;

—A favorable Internal Revenue Service ruling on a change in accounting to a
See LOCKHEED, page 3

Tax-exempt bond funds grow fat and fast

By ROBERT B. PLANTE
Special to the Chronicle

They call him Norman because his name is Norman, and they call him all the time because he is the largest net buyer of municipal bonds in the country. They call him to learn what he's buying, to provide information, to ask him to lunch. Mostly, they try to sell him bonds.

Norman is Norman I. Schvey, vice president of Merrill Lynch, Pierce, Fenner & Smith Inc., and manager of their bond investment trust funds. For the tax-exempt funds alone, he injects between \$400 million and \$500 million of new money into the municipal market every year.

Merrill Lynch, together with Bache & Co., and Reynolds Securities Inc., as co-sponsors, and co-underwriters, is the largest packager of tax-exempt bond funds in the industry. The largest single sponsor is John Nuveen & Co. Inc., which last year underwrote six separate series, ranging from \$10 million to \$35 million, for a total of \$120 million. Historically, Merrill Lynch and Nuveen have accounted for about 85 per cent of the over-all tax-exempt bond-fund volume.

They have grown fat and fast, these closed-end municipal investment trusts, with volume swelling from zero to \$3.2 billion in just 13 years.

The first fund was marketed in May, 1961, back in the salad days of Ira Haupt, which came shortly before their salad oil days. Two months later, John Nuveen underwrote the first of its 57 varieties, and

the parade was under way.

It has since been joined by E. F. Hutton & Co. and Paine, Webber, Jackson & Curtis Inc. as well as a number of smaller sponsors, until today 211 separate funds have been distributed to the public with various degrees of success.

For five years prior to 1961, the bond-
See BOND FUNDS, page 4

Current municipal bond volume

June 1, 1974		
Sponsor	No. of funds	Par value
Merrill Lynch	87	\$1,847,000,000
John Nuveen	56	887,000,000
E. F. Hutton	27	176,700,000
Paine, Webber	14	166,250,000
10 others	26	146,600,000
Totals	210	3,223,550,000

Bankers among the losers in wine scheme

By JOHN NASH
Washington Bureau

Washington — Bankers and ex-bankers were among 400 investors, who were allegedly swindled out of \$26 million in a pyramid scheme, which paid off one set of investors in a phony wine importing company with funds obtained from other investors. The swindle was exposed in a suit recently filed by the Securities and Exchange Commission.

According to court papers filed in federal district court in Alexandria, Va., investors were conned out of their money by Robert D. Johnson, president of Ridge Associates, a McLean, Va. company. The firm was mistakenly identified as Rich Associates last week. Johnson allegedly promised returns of 30 to 100 per cent on investments in his non-existent company.

Apparently, Johnson was so convincing that four Virginia banks continued to lend money to investors in this venture despite warnings last year from federal bank examiners that too much money was being lent to investors in Johnson's company. This lending continued for four months after the warning.

One bank, United Virginia Bank of Fairfax, which later merged with an Alexandria bank to become United Virginia Bank-National, stopped making loans in April after federal examiners alerted the bank for a second time.

This warning was apparently too late. The bank says it may lose \$3,780,000 as a result of bad loans made to investors in Johnson's alleged pyramid scheme.

Furthermore, George D. Hicks, president of United Virginia Bank National submitted his resignation last Wednesday, effective immediately. Hicks, who was also the bank's loan officer, made most of the loans to Vortex Corp., a company also affiliated with Johnson.

Hicks has admitted that he personally made substantial investments in the wine venture. It was also learned that Hicks' wife borrowed \$230,000 for the same purpose.

Politicians involved

Other bank officials, who invested in the scheme, included William N. Shearer, president of Kanawha Valley Bank & Trust Co. of Charleston, W. Va.; Bennett W. King, retired president of Potomac Bank & Trust, Fairfax, Va.; J. Michael Burry, chairman of the board of McLean Bank in Northern Virginia; P. Henry Poehler, former president of United Virginia Bank - Citizens and Marine, Newport News; and Walter P. Johnson of McLean Bank, who acknowledged that he borrowed \$13,000 from Fairfax United Bank for the purpose of investing in the venture.

Among the other names that came to light as investors in the swindle were Virginia State Senator Clyde Duval; Ira M. Lechner, a member of the Virginia House of Delegates (the legislature); and John G. Hutchinson, mayor of Charleston, W. Va.

Johnson's suaveness even cast its spell on U. S. Senator Jennings Randolph (D-W. Va.), who recommended Johnson for a seat on the board of trustees of West Virginia's Salem College.

Another prominent individual allegedly swindled by Johnson was millionaire Robert E. Finnman of Omaha, Neb., who reportedly invested close to \$1 million the scheme.

Interestingly enough, dozens of investors interviewed by the SEC and other investigating agencies said they never saw any literature on the wine operation. They said they learned about Johnson's "fabulous contacts" with wine brokers in Portugal by word of mouth.

Johnson was charged in the SEC suit

with selling unregistered securities and making fraudulent statements about his wine business.

Postal investigation

Now, U.S. Postal Service inspectors have entered the picture as the result of an investor's complaint. The Postal Service is studying possible violations of the mail fraud laws.

In its complaint filed June 14, the SEC named seven men including Johnson. Other defendants include: John D. Schrott Jr. of Ridge Associates; Earl Cöcke Jr., a consultant to the World Bank and a principal in the New York municipal bond firm; Tanner, Johnson, McInarnay & Cöcke Inc.; Thomas W. Gillian Jr.; Jack O. Friedman; James L. Phillips; Joseph M. Holt Jr.; and Frank E. Mower 2nd.

The SEC claims it can only account for \$4 million of the \$26 million invested in the scheme. Chances of investors recovering

any of their money are slim since Johnson has reportedly sold Ridge Associates to a European company.

Legal sources claim that if the sale of the privately-held company is legitimate, it would be impossible to recover the assets from the foreign company.

The SEC's suit alleges that Johnson has hidden the company's assets in foreign banks. He was also charged with concealing his family assets — cash, jewelry, marketable securities, antique furniture and works of art — in order to avoid having them used to reimburse investors.

After the suit was filed, Marcel Schmidt, an associate of Johnson, was arrested by the FBI on charges of illegally attempting to take out of the U.S., approximately \$1 million invested by Washington, D. C. residents.

One of the consequences of the scandal, hitting the four banks where it hurts, is the reported \$600,000 deposit drain last week before the week was over.

Oil tax-shelter hoax

When is an oil well not an oil well? When it's an irrigation pipe disguised to resemble an operating oil well.

That was what a host of people discovered in the latest scandal to hit the investment community of late. Until the Wall Street Journal broke the story on June 26, the general public did not know this newest alleged swindle of gargantuan size.

Home-Stake Production Co., set up to be a tax-sheltered venture for the exploration and production of oil and gas, allegedly perpetuated the hoax, and a number of CPA's, attorneys and business managers have red faces as a result. The firm went bankrupt last year, but the news only surfaced last week.

Some of these professionals will have more than red faces if the suits brought against them are adjudged valid. When Home-Stake went into bankruptcy, an audit of their books by Coopers and Lybrand (court-appointed auditors) revealed that of the \$130 million collected for the drilling venture, \$100 million had disappeared, not into the ground, but into the air.

At the outset of the venture, Home-Stake's auditors were Arthur Andersen and Co., but their qualified certification of the company's books led to a quick parting of the ways. At that time auditors were not required to spellout disagreements with clients on points of reporting, as they are now. The SEC, in tightening this law, has made accounting firms a part of the "full" disclosure policy called for in our securities legislation. Unfortunately, the SEC's implementation of the law was not made retroactive to 1967.

Between the exit date of Andersen and Co., and the entry date of Cooper and

Lybrand, the accounting was done by a local Tulsa firm, Norman C. Cross and Company.

The roster of burned investors reads like a "Who's Who" of America, which accounted for the success of the alleged swindle. Trusted peers advised friends of the "get-rich-quick" investment opportunity, and the company used each of the names they garnered to attract still further customers.

Home base for the Home-Stake enterprise was Tulsa, Okla. Part of the reported drilling operations, however, was in California.

Five wells were drilled on a vegetable farm, and, according to the testimony of Harvey L. Garland, operations manager for the company in 1966, irrigation pipes on the farm were painted with the coding of oil well pipes to lock-in the fraud.

Some of the wells drilled were to depths of merely 500 feet, where the company knew no oil existed, but were carried on the books as producing wells anyway. While no court has yet ruled on the legality of the venture, a number of investor suits have been instituted.

Primary among these is the suit against William E. Murray, a tax attorney. Investors claim Murray wrote a tax opinion on the venture at a time when he was indebted to Home-Stake for his own investment, as did Kent M. Klineman, another tax attorney.

Founder of Home-Stake was Robert S. Trippet, an attorney who began the company in 1955 and took its drilling programs public in 1964. Trippet recently signed a consent decree of the SEC in which he neither affirmed nor denied charges by the SEC of securities law violation.

Becker acquires Warburg-Paribas

A G. Becker & Co. Inc. says it has agreed in principle with S.G. Warburg & Co. Ltd. of London and Compagnie Financiere De Paris et des Pays-Bas of Paris to combine their U.S. financial services organizations.

The combination will be accomplished through acquisition by Becker of the business of Warburg-Paribas, a U.S. investment banking company jointly owned by the Warburg and Paribas interests, in connection with a substantial investment by Warburg-Paribas in Becker.

After certain reorganization steps, the

resulting business will have capital funds of more than \$50 million.

Becker's Chairman Paul R. Judy says the investment by Warburg-Paribas will not constitute a controlling interest in Becker, which at present has capital funds of about \$35 million and a current capital ratio of about 4.5:1.

Judy says the transaction will probably be completed around the end of the year, subject to a definitive agreement between the parties and to approval by the New York Stock Exchange and by other regulatory agencies.

THE Commercial and Financial CHRONICLE

Serving the Financial Community since 1839

NATIONAL NEWS SERVICE, INC.
110 Wall Street
New York, N.Y. 10005
(212) 344-4242

WASHINGTON BUREAU
Suite 511, 1629 K St., NW
Washington, D.C.
(202) 783-4577

BOSTON BUREAU
3 Church St.
Winchester, Mass.
(617) 729-8100

C. PETER JORGENSEN
President and Publisher

ELIOT JANEWAY
Chairman, Editorial Advisory Board

DAVID G. MUGAR
Chairman of the Board

JONATHAN M. BRICKMAN
Executive Vice President

SIDNEY BROWN
Editor and Economist

ALAN J. WAX
Associate Editor

Advertising and Business Office: Jason W. Dade, Controller; George Engstrom, vice president; Vidian L. Roe, III, vice president; Charles Lloyd, Anthony Lombardi, asst. vice presidents; Milton Pagan, circulation manager; H.G. Stickney, business manager.

Editorial Staff: Steve Collins, Mary Halloran, Jameel Mohamed, Don Prohaska, Helen E. Shepard, J. Robert Sherman.

Statistical Dept.: George Troester, manager; John J. Dunne, asst. manager.

Production Dept.: John Thomas, manager; Shirley Wilkerson.
Boston Production Dept.: Louise Burnham.

National News Service, Inc., 110 Wall St., N.Y. 10005. Entered as Second Class Postage Paid at New York, N.Y. and at additional mailing offices. Information and prices are obtained from sources considered reliable, but its accuracy is not guaranteed. Neither the information, nor any opinion which may be expressed, constitutes a solicitation for the purchase or sale of any securities referred to herein.

SUBSCRIPTION RATES - The Commercial and Financial Chronicle, Monday Edition: In United States and U.S. Possessions \$95.00 per year; In Dominion of Canada and members of the Pan American Union \$105.00 per year. Saturday Edition: In United States and U.S. Possessions \$30.00 per year; In Dominion of Canada and members of the Pan American Union \$35.00 per year; other countries \$37.00 per year. Other Publications: Bank and Quotation Record - Monthly \$75.00 per year. (Foreign postage extra).

Note: On account of the fluctuations in the rate of exchange, remittance for subscriptions and advertisements must be made in New York funds.

Everyone wins in Lockheed - Textron deal

Continued from page 1

program costing basis on the Tri-star jet resulting in a write-down of about \$300 million, net of taxes;

—Approval by two-thirds of the holders of Lockheed's 4% per cent convertible subordinated debentures to certain changes in the indenture agreement. This would allow for the creation of a new preferred stock with early redemption features as part of a debt restructure program;

—And, the continued support of Rolls Royce, which is owned by the British government, to produce jet engines for the L-1011. The fate of Rolls Royce depends to a degree on Lockheed's viability.

Should these conditions be met, under the agreement Textron would inject \$85 million into Lockheed via 12 million shares of newly issued common stock at \$5 per share, and 250,000 shares of a newly created \$100 par five per cent straight preferred, with a step-up dividend provision to six per cent in 1979 and seven per cent in 1980.

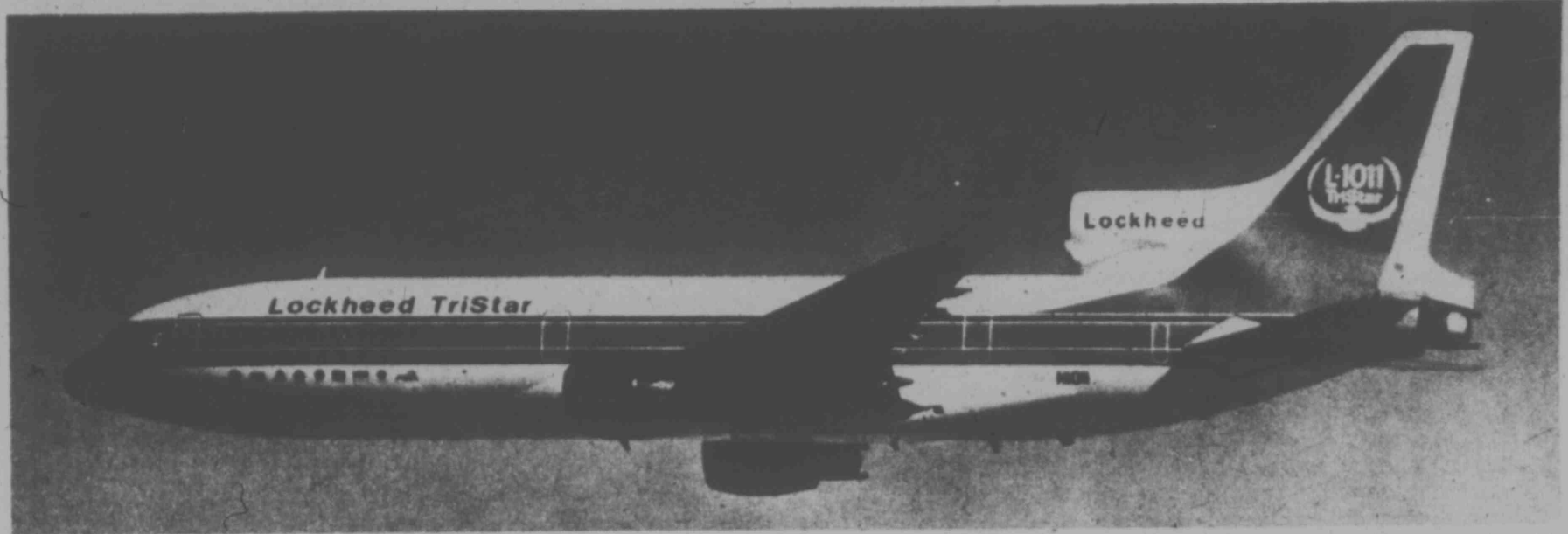
The preferred should not be taken as a token "filler," like something that was needed to complete the deal. On the contrary, it carries a strong sinking fund provision, and an even stronger contingent sinking fund clause that lays claim to 50 per cent of earnings after taxes and preferred dividend requirements. It also has voting privileges and the right to elect 25 per cent of Lockheed's directors in case of default for one year in either dividends or regular sinking fund payments.

The agreement also calls for a public sale through a rights offering for three million shares of common stock at \$5 per share, probably to give the public shareholders the same "status" as Textron and avert any claims of a giveaway.

There should be no dilution to stockholders' equity from the stock sale to Textron and to the public at \$5 per share, because the expected write-down of L-1011 inventories would result in a negative net worth at the time of Textron's purchase.

Subsequently, when the public purchases Lockheed's stock, the company will have a positive, but minimal net worth. After the public sale, Textron would own about 45 per cent of the then 26.4 million common shares outstanding.

In addition, the plan calls for the complete restructuring of Lockheed's debt and credit arrangements. Lockheed



Wing and a prayer . . .

Lockheed's L-1011 is at the heart of the deal with Textron

currently has bank credit lines of \$650 million, of which it is using \$620 million at interest costs averaging about one per cent above the prime rate.

As part of the agreement, the 24 lending banks involved would convert \$275 million of debt into the new five per cent preferred or into 2,750,000 shares at \$100 per share, and make available \$375 million of new credit lines at an interest cost of only four per cent to September 1976 and thereafter at the prime rate plus one half of one per cent.

The banks seem willing to accept below-average rates on the preferred and debt to accomplish the restructure plan and improve their chances of ultimately obtaining repayment of principal.

Thus, the \$650 million of bank credit would become \$275 million of five per cent preferred stock plus \$375 million of debt at an interest cost of four per cent, maintained at least for nearly two years, substantially upgrading Lockheed's balance sheet and at the same time providing debt service savings of about \$45 million before taxes or 70 cents per share, assuming a full income-tax rate.

Interest cost savings

Looking at it another way, locking in a four per cent interest rate until September 1976 on \$375 million of debt gives Lockheed an enviable position in an interest sensitive market. These savings, flowing through to earnings, would in turn, possess considerable financial leverage owing to the creation of the \$300 million of preferred, whose dividend would come ahead of the common share earnings.

Dividends on the preferred are paid out from after-tax dollars, but this will make no difference to Lockheed in cash flow, because it should have sizable tax-loss carryforwards resulting from the writedown of non-recoverable engineering, tooling and past production start-up costs of the L-1011 to put it on a so-called program costing accounting basis.

This non-recurring charge, says a Lockheed spokesman, upon IRS approval, "could result in a tax-loss carryforward of somewhat less than \$300 million or about \$10 per share based on the 26.4 million common to be outstanding."

Aside from the plan's benefits to Lockheed, another big winner is Lazard, Freres & Co., caught up in what is considered the biggest coup in deal making on Wall Street in years.

The four partners at Lazard and one associate, who are working on the situation, consider it the most important deal in the firm's history, outranking Andre Meyer's restructuring of Citroen to save it from insolvency in the late 1920's and Felix

Rohatyn's rescue of the New York Stock Exchange community a few years ago.

The U.S. government would also come out of the deal in a better military and financial posture.

Lockheed is the No. 1 U.S. defense contractor, making the Polaris, Poseidon and Trident ICBM submarine-based missiles; Agena space vehicles; and, the Air Force's short-range attack missile (SRAM). It also makes the C-130 military transport, which is enjoying a sales resurgence in foreign markets.

These programs, which accounted for 60 per cent of Lockheed's business in 1973, are vital to the U.S. defense effort, leading some aerospace analysts to speculate that the bailout of Lockheed is a behind-the-scenes endeavor of Washington.

In any case, eliminating the federal government guarantee for Lockheed's bank loans would remove a politically controversial factor and upgrade the image of the company among its aerospace peers and in the eyes of Wall Street.

As for Textron, despite some downgrading and second-guessing by analysts who follow the conglomerates, it probably stands to benefit the most from the Lockheed deal.

For an investment of only \$85 million, it would obtain effective control of the No. 1 defense contractor with sales of more than \$2.4 billion and a cash flow potential of

nearly \$100 million annually at a time when defense spending is rising. This of course, assumes that everything goes right.

Textron also has assumed a virtual "no-risk" stance, saying in effect, clear up the problem areas such as the L-1011 program and the onerous interest costs on the top heavy debt or we are not interested.

Textron is a conglomerate with a good record, despite some recent problems in its Polaris snowmobile division. Sales were \$1.9 billion in 1973 and earnings \$100.8 million or \$2.65 per share fully diluted.

The company derives about 22 per cent of its earnings from aerospace activities (Bell Helicopter), 31 per cent from consumer lines (Talon, Gorham Silver, Sheaffer Pen), 21 per cent from industrial areas (Fafnir bearings), and 21 per cent from metal products (Bostich staplers).

It also follows a conservative accounting policy and has a good balance sheet for a conglomerate. Acquisition of American Research and Development in 1972 was looked upon with considerable favor by Wall Street, which is always looking for another Digital Equipment kind of spin-off.

Textron management says it would have many options with the Lockheed stock. It could expand the base or even spin it off, shades of another Digital equipment. There are no plans for the merging of the two companies at present.

Lockheed Aircraft

Current price: 4%
Dividend: nil

P-E ratio: 3.5
Yield: nil

	1972	1973
Revenues:	\$2,756,791,000	\$2,472,732,000
Net Inc.:	\$14,081,000	\$13,034,000
E.P.S.:	\$1.24	\$1.15

Shares outstanding: 11,358,610
Traded: NYSE
Address: 255 N-Hollywood Way, Burbank, Calif. 91120
Telephone: (213) 847-6121
Contact for analysts: Richard Bean

Textron

Current Price: 17%
Dividend: \$1.10

P-E ratio: 6.4
Yield: 6.3 per cent

	1972	1973
Revenues:	\$1,858,400,000	\$1,678,420,000
Net Inc.:	\$100,840,000	\$86,620,000
E.P.S.:	\$2.65	\$2.30

Shares outstanding: 27,283,564
Traded: NYSE
Address: 40 Westminster St., Providence, R.I. 02903
Telephone No.: (401) 421-2800
Contact for analysts: Robert S. Eisenhauer

We take pleasure in announcing that we have been selected as one of five agents for the distribution of the new

Federal Home Loan Banks Discount Notes

Available in maturities of 30 to 270 days—at purchaser's option.

Minimum denomination—\$100,000.

Wm. E. Pollock & Co., Inc.

Primary Dealers in Government & Federal Agency Issues
Underwriters of Corporate & Municipal Bonds

160 Water Street, New York, N. Y. 10038 • (212) 425-5700

Beverly Hills Columbus San Francisco
Washington, D.C. West Palm Beach

Tax-exempt bond funds grow fat and fast

Continued from page 1

fund concept had lain almost dormant in Washington, while the Internal Revenue Service and the Securities and Exchange Commission pondered the nature of the new beast. Would SEC registration be required? Could tax-exemption be passed through to the ultimate holder of the units? Should they be open-ended or closed-ended? What about capital gains? In time the questions were all resolved, approvals were obtained, and a new investment vehicle was launched.

What are municipal bond funds and what purpose do they serve? In essence, the holder of units in a municipal bond fund is a partial owner of a portfolio of tax-exempt bonds. He receives at regular intervals — monthly, quarterly, or semi-annually — his proportionate share of the interest on the bonds, minus certain expenses, and at maturity or redemption, his percentage of the principal.

Some funds limit their appeal to taxpayers of a particular state at the sacrifice of geographic diversity. In these funds, portfolio accumulation is restricted to bonds issued within the state under consideration, in order to provide complete exemption from state, as well as federal, income taxes.

The national municipal bond funds are commonly "blue-skied" in every state, that is legally cleared for distribution to the public. They offer partial state-tax exemption down to none at all, depending on whether bonds in the portfolio, and how much, are issued in the state where the investor resides. Other specialized funds may include those comprising bonds issued for a particular purpose, such as pollution control.

Advantages and costs

Harry Nielsen, vice president of John Nuveen & Co., discusses the advantages of tax-exempt bond funds with all the dedicated zeal of a marketing missionary. "We think we've put together a valuable product for the public," he says.

"We give them high tax-free income, diversification, a professionally selected bond portfolio, a secondary market to ensure liquidity, the convenience of regular interest payments, and constant surveillance of the bonds in portfolio. It's a nice, tight package."

True, but the buyer doesn't get it for nothing. Instead of the half-point to a point he would pay on the purchase of his own individual bonds, the unit holder of the fund pays, as a sales charge, 3½ points for a Merrill Lynch fund, and between two and 4½ points for a Nuveen fund.

In addition, he sacrifices a small amount of each coupon payment to defray evaluation and trustee charges. In the case of Nuveen's and Merrill's latest funds, these reduced the average weighted coupons by about 2.8 per cent.

Moreover, the expressed sales charge is not based on the portfolio's actual costs. It reflects, rather, a percentage of the overall public offering price after the sales charge has been added.

For example, if a \$1,000 unit was priced to the public at par with a 3½ per cent sales charge included, the cost of the bonds is only \$965, and the percentage of the cost becomes 3.626 per cent, or slightly higher than 3½ per cent. Similarly, if the sales charge were 4½ per cent, as in the case of the Nuveen funds, the percentage of portfolio costs would be 4.712 per cent.

Sales charge defended

Both Schvey and Nielsen defend the

sales charge as a legitimate profit, not only for the work involved, but for the risks that the sponsor must assume in the accumulation of a fund's portfolio.

"We're at the risk of the market," Schvey says. "From the time we buy the bonds until the day they are deposited with the trustee, Merrill Lynch is exposed and vulnerable. On the day the fund becomes effective, the bonds are marked to the market, and that's what the public pays. If I buy a bond at par and it falls to 95 when the fund becomes effective, that 95 price is what the public pays, and Merrill Lynch takes a five-point loss."

The point is well taken. Late last month, for example, a California company, Tax-Exempt Bond Trust Inc., terminated the sale of its first and only municipal bond fund with about 36 per cent of its units still unsold.

The fund had become effective in January with \$10 million of tax-free bonds spread through 21 separate issues, which were packaged into units for distribution to a reluctant public. When the sponsors finally cut bait, the high costs of carrying the bonds and the ravages of a disastrous market had saddled the company with a \$600,000 loss.

The trustee, acting under the instructions of the sponsor, was obliged to sell 36 per cent of each of the 21 issues in order to preserve the same proportion of bonds for the existing holders; and the sale prices were far below the costs of purchase last January.

So there is a definite risk for the sponsor in the accumulation of bonds. In fact, there are two risks. From the day the bonds are purchased until the day the fund becomes effective, the sponsor lies uneasily at the mercy of the market. Then an additional risk is incurred following the period that the fund is effective, a risk that persists until the units are finally sold, since the fund is evaluated daily in conformance with the prevailing bond prices.

The risks of market exposure are directly proportional to the length of accumulation time. Merrill Lynch, for example, took a full six weeks to assemble its 23rd series. In the case of Nuveen's 56th series, the interval between the first purchase of bonds and the date of deposit was just over seven weeks. During the waiting time, the sponsor, as they delicately put it, is naked.

This week,
every week,
SEC
letter stock sales
in
The Chronicle.

But the risk cuts two ways. If the sponsor loses money in a downtick market, he makes money when the market moves up. If bonds are purchased at par and eventually evaluated at 105 for public offering, the buyer pays 105, and a five-point profit is chalked up on the sponsor's books. These are the risks of reward.

In Merrill's latest series, the sponsors realized a handsome profit of \$490,057.85 above and beyond the underwriting commissions generated out of the sales charge. This additional profit represented the difference between the price paid for the bonds and the evaluation price on the day of deposit. In the case of Nuveen's 56th series, this additional profit amounted to \$79,754.00.

Even if the market moves laterally while the fund portfolio is being constructed, there is still an inherent advantage for the sponsor. Bonds are evaluated on the offering side of the market, but they are purchased by the sponsor on the bid side or somewhere between the bid and the offer.

For example, a bond may be purchased at a six per cent basis less a half-point concession. If the market remains stationary, the bond is valued at six per cent; and the half-point profit, or \$5 per \$1,000, accrues to the sponsor.

Schvey acknowledges the point. "There is a built-in potential for profit," he says, "but we need that spread. I can show you cases where we've gone into a fund in very good shape, with a fairly substantial profit on the bonds; and then it's taken us 30 to 60 days to sell all the units. Meanwhile, the market was moving against us, and whatever profit we had was wiped out and we started cutting into the 3½ points. These are the risks we take."

About 90 per cent of Merrill Lynch's bond funds are done directly with retail through the firm's massive web of branch offices. Internal distribution is Merrill Lynch's strong suit; and a horde of account executives will descend on a fund, with its seductive gross, like piranha on a plump Brazilian. The 10 per cent balance is taken down by other Wall Street firms and marketed from there.

Nuveen, other offer new funds

John Nuveen & Co. is offering in states where cleared, a new \$30 million tax-exempt bond fund, series 58.

Ninety per cent of the fund is rated A including 44 per cent AA and AAA. At current prices returns range from 6.62 per cent to 6.86 per cent depending on the volume discount and distribution option selected by investors, the company said.

Meanwhile, three other underwriters have registered another new bond fund with the Securities and Exchange Commission.

Merrill Lynch, Pierce, Fenner & Smith Inc., Bache & Co. Inc., and Reynolds Securities Inc. are offering 45,000 units of a fund called Municipal Investment Trust Fund, 25th Monthly Payment Series.

The aggregate price of the fund is \$47,250,000. The fund will invest in a portfolio of long-term state, municipal and public authority bonds rated BBB or better by Standard & Poors' Corp. or Baa or better by Moody's Investors Service.

The John Nuveen funds are assembled in the firm's Chicago office, under the supervision of J. William Norris, vice president. They are sold entirely to the Street at a dealers' discount of 2½ points, with the discount dropping to one point for large volume orders.

Sales leads are generated from the public through newspaper advertisements and by direct mail campaigns, which, according to Nielsen, have elicited an excellent response.

Distribution is also stimulated by promotional sales literature directed to the municipal departments and salesmen of other investment firms, particularly the large Wall Street wire houses. Leads from the public are passed along to these other firms on the basis of past performance and present potential.

"The 2½ per cent concession," Nielsen says, "is the incentive that makes it worthwhile for the dealers. Many of the people who respond to our sales promotions are not going to buy tax-free bonds unless someone can package the things and sell them the concept."

Merrill Lynch calculates its units in \$1,000 pieces, based on the face value of the bonds: Nuveen packages its units in \$100 pieces. Merrill's minimum order is \$1,000; Nuveen's is \$5,000.

Nuveen's 56th series totaled \$18 million face amount of bonds, with maturities ranging from 1989 to 2014. The fund has a gross average weighted coupon of 6.5243 per cent, less 18.5 cents in fees, for a net coupon of 6.3393 per cent. It was priced on the day of deposit at 101.59 to yield 6.24 per cent on a current basis.

Merrill Lynch's 23rd monthly payment series aggregates \$40 million of principal amount. Maturities range from 1990 to 2022. A gross average weighted coupon of 6.558 per cent is reduced to 6.372 per cent after expenses of 18.6 cents. On the day of deposit, the fund was priced at 101.667 per cent of par for a current yield of 6.27 per cent.

Quality standards

In terms of bond quality, both sponsors reject any bond that is unrated or rated below Moody's Baa or Standard & Poor's BBB. Bonds that meet these criteria are further screened by the sponsors' respective bond analysts.

In the Nuveen Fund's 56th series, 84.6 per cent of the bonds were rated A, 7.7 per cent were AA, and 7.7 per cent were BBB. Merrill Lynch's 23rd series comprised 57.5 per cent A-rated bonds, 21.2 per cent AA-rated and 21.2 per cent BBB.

Both portfolios are well diversified. The Nuveen fund consists of 26 separate issues, with an average investment of \$692,000 per bond. The maximum commitment in any issue is \$1 million, accounting for 5.5 per cent of the aggregate. Five issues show a \$1 million position.

In the Merrill fund, there are 33 issues of bonds, averaging \$1,212,000. Three issues show investments of \$3 million each, the largest single commitment. Each accounts for 7.05 per cent of the total portfolio.

Merrill's rule of thumb is to limit investment in any item to 7½ per cent. "Part of what we're selling is diversification," Schvey says. "When you approach 10 per cent in any name, it's a question whether you are really diversified."

There is no gainsaying the fact that diversification is an important consideration and a valuable selling point in the marketing of funds. Consider the plight of the hypothetical investor who put all his money into Miroshima bonds in July of 1945.

See BOND FUNDS, page 5

The hows and whys of municipal bonds

Community indebtedness, a 250-year-old experience is worthy of review by a new generation, which is creating an additional volume of debt at the state and local level.

This debt will be used to provide a host of new anti-pollution facilities, as well as hospitals and other traditional projects.

As sophisticated investors, this debt takes the form of tax-exempt municipal bonds—sealed written promise to repay certain sums of money at fixed times in the future (the maturity date), to a specified party or to its holder, with interest being paid at a given rate at a definite periodic interval.

As used in the investment field today, the term "municipal bonds" is applied to those tax-exempt securities issued by the whole range of public bodies other than the federal government.

The term embraces the bonds of the 50 states, the territories, and their political subdivisions. It also embraces instrumentalities or authorities created by the state and certain federally sponsored agencies such as local public housing authorities. In addition to being exempt from federal income taxes, municipal bonds are generally exempt from the issuing state's income taxes.

Since the decline of the equity market in 1970, investors looking for a safe in-

vestment for reducing their income taxes, have been attracted to the bond market in droves.

In 1973, individuals set a record by purchasing tax exempt bonds in excess of \$47.54 billion, or 38 per cent of the total state and local government debt outstanding, which was \$181.91 billion in 1973. The second largest purchasers of bonds were commercial banks, with a portfolio of \$93.73 billion.

The precise reasons for investor interest is not hard to discern. Many individuals suffered grave losses in the equity markets of 1970-1971 and were looking for a haven for their money which would provide them with safety and a good return.

Most tax exempt bonds are considered second in safety only to U. S. government bonds, because they are backed by the full faith and credit of the issuing municipality.

There are exceptions, however, and these are industrial revenue bonds, which, while tax-exempt, do not carry the safety provision of a general obligation bond; such as for example, they are not backed by the full faith and credit of the issuing body.

However, industrial revenue bonds are considered risk bonds and carry a much higher yield than general obligation bonds. They may yield as much as three to four per cent more and they are valued for their

tax-exempt feature. Such bonds, also referred to as lease bonds, are retired by lease payments from the facility financed by the bonds.

Tax exempt municipal bonds were once considered to be the province of the super rich. This is no longer the case. The dramatic rise in individual income in recent years has broadened the market for these bonds. In many instances young professional people with income of \$16-20,000 a year have been benefiting from tax exempt bonds.

The advent of the tax free bond funds has provided the small investor with a mechanism to purchase safety, diversification and marketability not only in one issue but in a broad range of issues that make up the fund. (See the tax-free bond fund article on page 1.)

Often an investor in municipal bonds becomes confused by the wide variety of bonds. He hears the terms "general obligation bond, limited and special tax bonds, revenue bonds, authority and agency bonds, lease secured bonds," and "double-barrelled bonds." While all these bonds are exempt from federal income taxes and generally from income taxes in the state of issuance, there are differences.

A-A General Obligation Bond is backed by a pledge of the issuer's full faith and

credit for prompt payment of principal and interest. Most city, county, and school district bonds have the further distinction of being secured by a pledge of unlimited ad valorem (property) taxes to be levied against all taxable property. In most cases if taxes are not paid the delinquent property is sold at tax sale giving the bondholder a superior claim above mortgages, mechanics' liens and similar encumbrances.

Since general obligation bonds are geared to tax resources, they are normally analyzed in terms of the size of the resources being taxed.

Limited and Special Tax Bonds are payable from a pledge of the proceeds derived by the issuer from a specific tax such as an ad valorem tax levied at a fixed rate, a gasoline tax, or a special assessment. Occasionally a bond will be secured by the first \$250,000 annually of a tax which annually yields \$1 million, thereby giving unusual ability to the bond to withstand a weakened economy. Limited and Special Tax Bonds are frequently "bargain priced".

Revenue bonds are payable from the earnings of a revenue-producing enterprise such as a water, sewer, electric or a gas system, a toll bridge, airport, college dormitory or other income producing facility. They are usually analyzed in terms of their earnings, historical or potential, compared with bond requirements. They have built up a good record over a long period of time, and are sometimes considered to be better than general obligations of the same issuer. The yield, generally is higher for this type of bond.

Authorities and Agencies are created by states or their subdivisions to perform specific functions such as the operation of water, sewer or electric systems, bridges, tunnels or highways and, in some states to construct schools or public facilities. In some cases, the authority has the right to levy fees and charges for its services. In others, it receives lease rentals which may be payable from specific revenues or may be general obligations of the lessee.

Lease Secured Bonds are backed by a pledge of a fixed dollar amount by a party other than the issuer to make payments to the issuer over the life of the bonds to cover principal and interest requirements on the tax exempt bonds. Normally the payment is made pursuant to a lease and trust agreement. Frequently the lessee's credit background is far superior to that of the issuer.

"Doubled-Barrelled" is a term applied to tax-exempt bonds which are backed by a pledge of two or more sources of payment. For example, many special assessment or special tax bonds are additionally backed by the full faith, credit and taxing power of the issuer. Similarly, one occasionally finds a bond secured by the joint and several pledges of several parties, any one of which would give adequate protection. Needless to say, and overlooked, "doublebarrelled" situation can offer great rewards to the investor.

In addition to these different types of bonds, the investor must interpret the rating of the bonds he is desirous of purchasing. Generally speaking, the quality of municipal bonds can, to some degree, be determined from the rating services, Moody's, Standard and Poor's, and Fitch.

These bond rating services are used by the municipal bond profession, government and industry regulatory agencies and the investing public as a guide to their relative security and value. They are not used as an absolute factor in determining the strength of the pledge securing a particular issue. Indeed, many non-rated bonds may be sound investments.

Bond funds grow fat and fast

Continued from page 4

Both sponsors maintain a secondary market acting as a trader or dealer for their funds to simplify liquidity procedures for any potential seller. In addition, units may be redeemed directly with the trustee. In most cases, trustees are instructed to alert the sponsors to all units tendered for redemption. The sponsors then have an opportunity to compete at or above the prevailing market redemption value, which is reckoned on the bid side of the market for all bonds in the portfolio. After purchasing the units, the sponsor adds the sales charge and attempts to remarket them.

Merrill's secondary offering price is 3½ per cent more than the bid. In Nuveen's case, the mark-up is 5½ per cent for less than \$50,000 of units, with the sales charge on a sliding scale down to 3 per cent for orders of \$750,000 and more. As in the primary market sales charge, both sponsors calculate the spread from the offered side, rather than the bid.

Portfolio managers for both Merrill Lynch and Nuveen continue to watch the bonds in all series and will recommend to their respective trustees the sale of any

bond that seems headed for trouble. Here, a small windfall may accrue to the trustee. For example, if a bond is sold from a fund's portfolio, the proceeds need not be distributed until the following coupon date.

Should the bond be sold on the day following a coupon date, the trustee has the use of the money, interest-free, for a full six months. However, this is at the option of the trustee and the proceeds may be distributed much more quickly.

The record against defaults has been very good. According to Schvey, out of 1,200 items purchased for all Merrill Lynch's funds, only three have defaulted. In all three cases the default was technical rather than actual. No bond, he says, has ever failed to pay interest and principal when due. According to Nielsen, no Nuveen fund bond has ever defaulted, even on a technical basis.

All of the current municipal bond funds are closed-ended. If an item is called or sold, the proceeds are distributed rather than reinvested. IRS approval on open-ended, managed funds is currently being sought by several sponsors, but neither Merrill Lynch nor Nuveen seems turned on to the idea.

Nielsen put it this way:

Fed eases OTC margin rules

About 100 companies will become eligible next month to have their stock included in the Federal Reserve's list of over-the-counter stocks that can be purchased on margin. This is the result of new regulations issued by the Fed last week.

The new regulations make it easier for companies to be included in the Fed's OTC list.

The new regulations, which become effective July 24, include:

—A reduction in the number of shareholders to 1,200 from the current 1,500.

—A reduction in the value of outstanding securities to \$5 million from \$10 million.

—Closed-end investment companies

would be eligible for the list after having been excluded due to language of previous regulations.

—Companies remaining on the list after inclusion will only need 800 shareholders, rather than the current 1,000, only 300,000 shares outstanding rather than 400,000 and a market value of only \$2.5 million rather than \$5 million. In addition, the number of brokers who make a market in this stock will be dropped from four to three.

Presently, about 600 stocks are on the Fed's OTC margin list. The current margin requirement is 50 per cent, which means that a stock purchaser must put up a down payment of at least 50 per cent, while the remaining 50 per cent of the cost is loaned by the investor's broker.

"We investigated the possibility of doing a managed fund ourselves; and one of the problems was the management fee, which would be about ½ of one per cent on an annual basis. This would reduce a six per cent yield to a 5.5 per cent basis, and would cost an investor in the 50 per cent bracket a full one per cent on a taxable basis. We don't find that very competitive."

Who buys bond funds?

Is there a typical buyer of municipal bond funds? Several market surveys have produced a shadowy profile of those most likely to invest in these securities. In terms of the averages, the typical investor is older, better educated, and wealthier than the average investor in general.

His average age is 60, his average income is \$35,000, and he has an average portfolio of \$145,000. His average purchase of units is \$15,000.

Eighty per cent are married, 67 per cent are college graduates, 31 per cent are self-employed, and 34 per cent are retired. In terms of income, 67 per cent earn more than \$25,000 annually, and 30 per cent earn more than \$50,000 annually.

A large percentage of bond fund owners are professional people. Among this group, doctors comprise the largest subdivision.

Tax-exempt bond funds can be a useful investment tool to investors who lack the time or inclination to supervise their own municipal bond portfolios, but who nevertheless have surplus cash and a level of income high enough to make tax-exemption an important consideration. Geographic diversity and professional management will minimize risks. These advantages, coupled with the convenience of receiving interest checks rather than clipping coupons, would seem to make the sales charge a less than oppressive burden.

However, these funds should never be bought with a view to selling them at a higher price at some future date, or with a view to playing the interest rate game. They may go up, true, but they will just as likely go down; and the spread between bid and asked makes them a poor trading vehicle.

Marshall Field surprises analysts, itself

Apparently the consumer is regaining a touch of optimism in the economy and in buying in general.

The Department of Commerce reported that department store sales in mid-June were estimated at \$1.158 billion, up five per cent from last year's \$1.102 billion. Total retail store sales were about \$10.67 billion, up four per cent from the previous year's \$10.241 billion.

Marshall Field & Co., regarded by many analysts as one of the finest quality department store chains nationwide, recently reported that for the first quarter ending in April the firm earned 32 cents per share as compared to 28 cents per share, on a seven per cent sales gain.

"Overall retail sales have been better than expected," said one Chicago analyst who was surprised at Field's quarter.

Another analyst, John Landschultz of

Meširov and Co., was sufficiently impressed with the firm's first quarter showing to raise his estimate for fiscal 1975 earnings to \$2.50 per share, compared to \$2.30 last year.

Landschultz continues to recommend Field's stock, stating that the firm was in the enviable position of being primarily in soft goods and household furnishings. As such, it wasn't as vulnerable to the impact of the energy crisis as other retailers like Sears and Montgomery Ward who are more involved in more big-ticket energy related items.

"Field has to be one of the better situations I've seen in a long time. Its gross margins were up for the quarter and should be up for the year," said Landschultz. "My feeling is that Field's stock should be selling at 12 to 13 times earnings and that the only time to be an aggressive buyer of

retail stocks is after a bear market."

Currently selling at around 19, the stock has a P-E of 8.

This enthusiasm for retail stocks isn't a rarity among followers of the industry who also recommend such companies as Marcor, Sears and Kresge.

Consumer polls biased

Most retail analysts taking this positive stance feel that not only were the consumer studies, such as the University of Michigan surveys, projecting diminished consumer confidence off base but that the consumer has decided to buy selectively rather than to hoard his wealth.

"What has happened with the consumer," says one institutional analyst, "is that he's cut back on what he spends on food and energy, put off buying that new car or home, but he is still buying."

The analyst feels many of these consumer polls are biased. "After the pollster asks if you're disgusted with the economy, inflation and Watergate, he asks if you plan to go shopping, and what would you say, of course, no."

He and other like-thinking analysts believe that during the past five months it's not been what the consumer has been saying, but what he's actually done that has been significant for retailers.

These market watchers feel the selective consumer has been spending a larger percentage of his funds on home improvements and new furniture.

Field's furniture sales, for example, were strong in the first quarter and other retailers, much to their surprise, reported similar strong sales for home improvements.

At the beginning of the year, most

Marshall Field

Current price: \$19.25 P-E ratio: 8
Dividend: \$1.24 Yield: 6.4 per cent

	1974	1973
Revenues	\$521,907,000	\$492,794,000
Net Inc.	\$20,902,000	\$21,457,000
E.P.S.	\$2.30	\$2.34

Shares outstanding 9,053,765
Traded NYSE
Address 111 North State St., Chicago, Ill. 60690
Tel. No.: (312) 571-1000
Contact for analysts: Stephen Hill, treasurer

retailers were prepared for the worst and they initiated cost cutting procedures. Landschultz claims, "Field really hustled cutting costs and thus the firm has managed to add to their leverage."

Even Field's treasurer, Stephen Hill, conceded that he was somewhat surprised by the trend sales have taken this year. "Sure we listened to all the polls and this year has somewhat surprised us. February was pretty poor, but, April came on strong and the same in May," Hill said.

Omen of better times

Other analysts believe the first quarter was an omen of better times for the larger retailing chains. They expect a "flattish year in general merchandise," but the larger chains should be an exception.

"They are gaining in market share," said Stanley Iverson, a vice president of Duff, Anderson and Clark Inc. He noted particularly J.C. Penney, Sears and Montgomery Ward as the probable leaders

See MARSHALL FIELD, page 35

Milwaukee Bucks' owners hope for a stock rebound

By STEVE COLLINS
Chronicle Staff

Fortunes of Milwaukee Professional Sports & Services Inc. seem to follow the bouncing basketball. This sports-related firm wholly owns the professional Milwaukee Bucks, who reached the final round of the National Basketball playoffs this year.

But is it the Buck's success that has prompted insiders to buy the company's stock? Not necessarily, says one insider who notes that the stock has languished in the four to six range and appears to be "reasonable in price." Obviously hoping for a rebound in the stock's price, insiders bought 5,100 shares worth \$29,675 during May.

According to insider transaction reports filed with the Securities and Exchange Commission, these insider purchases in Milwaukee Professional Sports & Services Inc. stock took place:

—James F. Fitzgerald, a director, bought 600 shares at \$5.50 each on the open market on May 2 for a total investment of \$3,300.

—Mitchell S. Fromstein, a vice president and director, bought 1,000 shares at \$5.875 each on May 15 and 2,000 additional shares at \$5.75 each on May 22, both on the open market. The total investment was \$17,375.

—George J. Korkos, a director, bought 100 shares at \$5.875 per share on May 17, 400 shares at the same price on May 22, 500 shares at \$6 each on May 6 and 500 shares at \$6.125 on May 10, all on the open market. His total investment was \$9,000.

The Bucks' success, however, is not immediately evident in the company's annual results for the year ended May 31, 1973, which were released last March. Earnings for the year slipped to 21 cents per share from 64 cents for the previous year.

But, the Bucks' good fortune during last season's league play resulted in higher earnings for the nine-month period which ended February 28, 1974 — 11 cents per share on an unaudited basis, as compared to nine cents for the same period last year. A company source was quick to point out that these figures don't include revenue earned during the lucrative playoff period games.

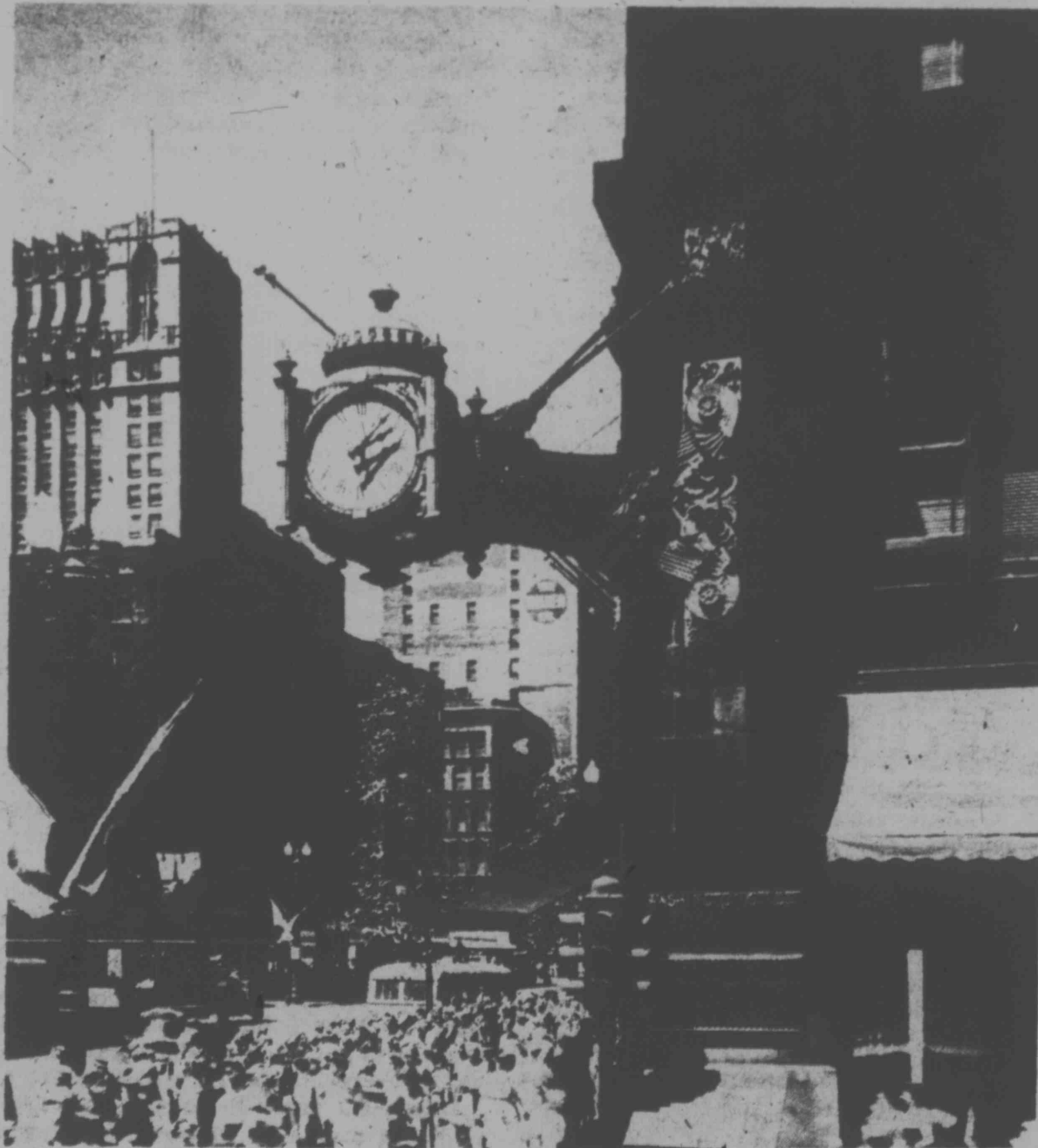
Another positive note for the future is a five-year lease signed by the company with the Milwaukee agency that runs the Bucks'

See BUCKS, page 10



Rebound

Kareem Abdul-Jabbar attempts a basket during Milwaukee Bucks recent playoffs with the Boston Celtics. The Bucks reached the final round, earning more profits for shareholders.



Field Day

The street outside Marshall Field's main store in Chicago is crowded and so is the store's inside. This has surprised the huge retailer and observers of the retail industry.

Sunshine fades for Florida bank stocks

Usually, when analysts start talking or writing about bank stocks, their tone is not unlike many of their subjects — subdued and overstated.

On the other hand, Keefe, Bruyette & Woods analysts, who make a profession out of following and ranking solely bank stocks, begin their most recent report on southern banks, chiefly Florida, with a quote from comedian Jackie Gleason.

It's not a joke, but rather what Miami resident Gleason frequently says of Florida, "How sweet it is!"

The point being made is that just a year or so ago that's how countless investors also felt about its Florida bank stocks. But its quite another story today.

One of the chief villains in the sharp decline of a number of Florida bank stocks is what's called the "Citibank syndrome."

As the Keefe Bruyette analysts see it, there is really little fundamental reason for the fact that a year ago, many Florida banks sold at an excessively high price earnings multiples just as now they are selling at around half those multiples.

"As usually happens when P-E multiples soar, investors become quite optimistic euphoric. In other words, Florida became a less sophisticated version of the 'Citibank syndrome,'" they say.

"We call the Florida version of the syndrome less sophisticated because the fundamental understanding of these companies is much easier to grasp than is the case for Citibank."

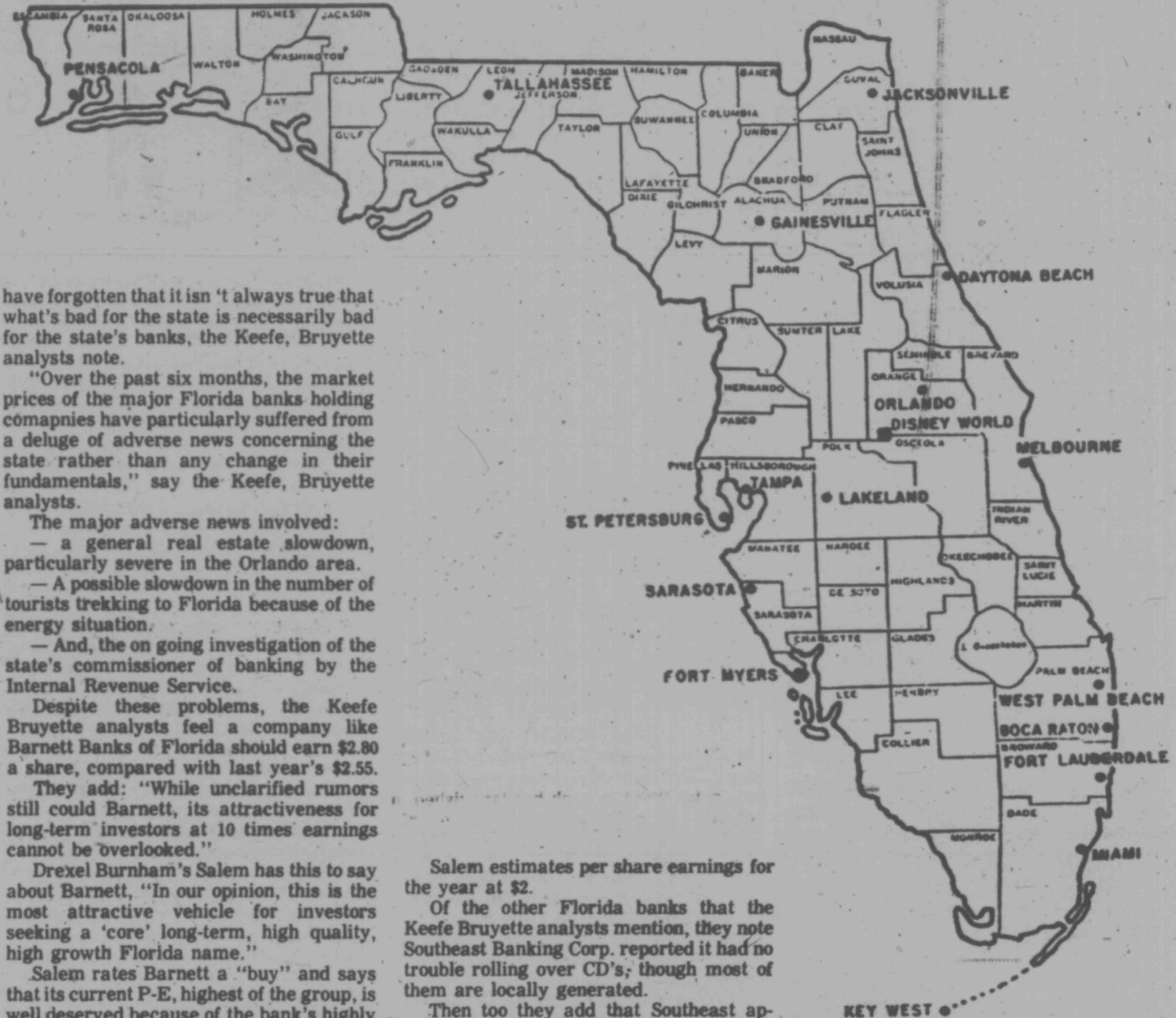
The syndrome itself is simply a willingness on the part of investors to buy a stock at almost any price on blind faith, because everyone else does, even though "a thorough understanding of the investment is difficult to achieve."

Six months ago, everyone had a feeling Florida's economy would be one of the fastest growing on the nation and that the banks would participate in this. Now, investors seem to have second thoughts, or at least less enthusiastic ones.

However, a recently published report on Florida banking by Drexel Burnham bank analyst George M. Salem notes that economic growth in Florida has been outpacing the U.S. as a whole for more than 50 years and is expected to do so for some time in the foreseeable future. The energy crisis is not expected to materially affect the long-term growth trend.

Real estate slowdown

Furthermore, investors also seem to



have forgotten that it isn't always true that what's bad for the state is necessarily bad for the state's banks, the Keefe, Bruyette analysts note.

"Over the past six months, the market prices of the major Florida banks holding companies have particularly suffered from a deluge of adverse news concerning the state rather than any change in their fundamentals," say the Keefe, Bruyette analysts.

The major adverse news involved:

- a general real estate slowdown, particularly severe in the Orlando area.
- A possible slowdown in the number of tourists trekking to Florida because of the energy situation.

- And, the on going investigation of the state's commissioner of banking by the Internal Revenue Service.

Despite these problems, the Keefe Bruyette analysts feel a company like Barnett Banks of Florida should earn \$2.80 a share, compared with last year's \$2.55.

They add: "While unclarified rumors still could Barnett, its attractiveness for long-term investors at 10 times earnings cannot be overlooked."

Drexel Burnham's Salem has this to say about Barnett, "In our opinion, this is the most attractive vehicle for investors seeking a 'core' long-term, high quality, high growth Florida name."

Salem rates Barnett a "buy" and says that its current P-E, highest of the group, is well deserved because of the bank's highly respected management, excellent track record and bright prospects. Barnett is his favorite of all Florida banks and among his six top favorite bank stocks in the entire U.S. banking industry.

Salem estimates Barnett's per share earnings for 1974 at \$2.90, a gain of 13.7 per cent.

Other banks

As for Sun Banks of Florida, the Keefe, Bruyette analysts feel its association with the Orlando region and possible problems there have been far over done, noting that only about one third of its total deposits are in banks in that area.

Moreover, they think Sun Banks could easily show earnings gains of up to 10 per cent this year to \$1.95 a share, compared with \$1.77.

Drexel Burnham's Salem rates Sun Banks, known until last April as First at Orlando Corp., as his second choice because of its aggressive management and because of its compounded 18 per cent annual growth rate between 1968 and 1973. The shares are only rated as neutral, because of adverse publicity regarding the Orlando economy and the retirement of former chairman William H. "Billy" Dial.

At the height of its popularity in 1972 Sun Banks had the highest P-E in all of banking. This was partially due to the world "Orlando" in its former name and the high P-E of Walt Disney stock.

Salem estimates per share earnings for the year at \$2.

Of the other Florida banks that the Keefe Bruyette analysts mention, they note Southeast Banking Corp. reported it had no trouble rolling over CD's, though most of them are locally generated.

Then too they add that Southeast appears to have no significant loan loss problems. And, in terms of primary earnings, they think Southeast will earn \$2.50 a share, up from \$2.26. A similar earnings guess is offered by Salem, who calls the stock a "possibly above-average situation versus other bank stocks in the U.S."

Florida National Banks, will earn \$1.75 a share compared to \$1.61 a share on a primary basis, say the Keefe Bruyette analysts and Salem.

Some facts and figures

The extent of the price deterioration in Florida bank stocks, a decline that has been accompanied in many cases by solid dividend increases, can be seen here:

Company	Current Price	Price on Jan. 31
Barnett Banks	24 1/4	50
Sun Banks	18	31
Southeast Banking	21	34
Fla. National	13 3/4	22

Whether the Florida banking scene is undergoing change or simply a well-earned "breather," or whether something more of a fundamental of a negative nature is involved that has precipitated the sell-off, only time will tell.

Meanwhile, money remains tight in the Sunshine State (and the other 49); condominium sales have tailed off sharply; the tourist trade has failed to live up to even

reduced expectations; and, problems of pollution have been recognized as demanding prompt if not long-overdue regulatory and civic attention.

In short, Florida appears to have reached maturity, banking and otherwise.

Inter Regional Group acquires leasing firm

Minneapolis-based Inter-Regional Financial Group Inc., the newly-formed holding company for Dain, Kalman & Quail, says it has completed the acquisition of All-States Leasing Co. of Great Falls, Mont.

Terms call for Inter-Regional to issue about 53,000 shares of common and \$700,000 principal amount of 7 1/2 per cent convertible notes.

All-States' net worth is in excess of \$1.5 million and "should contribute significantly to corporate earnings for the balance of 1974," Inter-Regional said.

Insider Trading-- Markets Page

Barnett Banks

Current price: 19	P-E ratio: 12
Dividend: 61 cents	Yield: 2 per cent
Revenues: \$148,314,762	\$106,81,972
New Inc.: \$18,367,438	\$13,831,243
E.P.S.: \$2.46	\$1.96

Shares outstanding: 8,074,777
 Trades: OTC
 Address: 100 Laura St., Jacksonville, Fla. 32202
 Tel. No.: (904) 791-7720
 Contact for Analysts: Thomas Wilkerson

Sun Banks

Current price: \$19	P-E ratio: 11
Dividend: 48 cents	Yield: 2.5 per cent
1972 Revenues: \$106,448,000	1972 \$81,396,000
New Inc.: \$14,059,000	\$13,065,000
E.P.S.: \$1.55	\$1.52

Shares outstanding: 9,088,962
 Trades: OTC
 Address: 200 South Orange Ave., Orlando, Fla. 32801
 Tel. No.: (305) 849-4585
 Contact for analysts: Frank Stansberry

Strange bedfellows

Heroes and villains share a common trait: both have singlemindedness of purpose and the energy necessary to attain their goals. Instantaneous gratification gives way to self-denial as they struggle toward their ultimate dream.

Unfortunately, when that dream is greed, the two often combine efforts with disastrous results. One such effort was reported this week, when the SEC cited the Home-Stake Production Co., a tax shelter scheme, with fraud. Among the many heroes who were caught up with the villains was the White Knight of Wall Street, Adam Smith, of "The Money Game" fame. Adam Smith, alias George J. W. Goodman, was considered to be among the most savvy of investors. He added to the financial vocabulary such terms as "the gnomes of Zurich," and "Scarsdale Fats."

Readers roared as they read his rapier thrusts at managers of go-go funds; his deft analysis of analysts left many a reader astounded at his audacity and amused at his irreverence.

Oh, how the might have fallen! When the SEC charged that a Ponzi-type scheme tripped up such notables as Goodman, Walter B. Wriston, chairman of First National City Bank, Senator Jacob Javits, Judge Murray Gurfein and a pride of lions from every sector of the performing arts, it underscored the gullibility of even the great as well as the paternalism of the government toward the small investor.

Because not for them were these tax-shelters designed. To protect the small investor from himself, the SEC mandated that the high risk tax shelter could not be entered into with less than a \$5,000 investment. To protect themselves from charges, promoters added various prerequisites to the financial status of limited partners. Most required that the investor be in at least the 50 per cent bracket; that they have liquid assets, in addition to their investment, of about \$50,000; that they have substantial income outside of salary.

While all of these factors limit the field for promoters to find investment capital, when they do

find such an individual, they usually are looking at a nearly bottomless well of funds. Moreover, monied people have monied friends who share the same interest: namely, money. It is not fair to say that most people seek an easy way to make a buck, because the ranks of the defrauded are filled with hard-working people who just wanted to make a little more.

Tax shelters offer this little more. By engaging the Internal Revenue Service as partner in their schemes, investors in tax-sheltered operations work with dollars that would otherwise be taxable to them at very high rates. They can thus write off losses in the operation for a period of time against profits from other segments of income. Meanwhile, theoretically, they are building equity in the sheltered operation for future long-term capital gains.

First, however, the tax-sheltered operation should be a good investment. Because while an investment that only turns a loss can be deducted from income, if it never turns a profit it acts solely as a drain. Honest promoters stress the high element of risk in their operations, and warn their investors of the areas of risk. The SEC enforces the warning by compelling complete disclosure in all registration statements, including the degree of risk.

No one, however, can protect himself completely from fraud. As one old banker said, "When a man has been honest for twenty or more years, and decides to leave the straight and narrow, you'll never find out until it's too late."

Unfortunately, in the wake of such scandals, confidence is lost even in honest deals. We have seen a destruction of morale in every area of government and business in this past year alone, and this is a time when national priorities require investment capital for expansion of the energy industry, the housing industry and the food industry.

The investment community needs another scandal like a moose needs a hatrack, but to inveigh against greed is useless. Better for the sophisticated investor and writer to point out that honesty in business is ultimately enlightened self-interest.



Straight Talk

The fears raised by Citicorp's offer

By Sidney Brown

Wall Street gasped and the thrift and commercial banks were up in arms when they learned the unprecedented terms of Citicorp's proposed mammoth \$850 million financing, which is targeted for July 8.

The offering, with an unprecedented anti-inflation variable rate coupon tied to three-month Treasury bills, has been sweetened with a six-month put at par plus interest.

Obviously, the competition, who fear disintermediation, won't ignore this startlingly unique financing package aimed squarely at their jugulars.

Disintermediation is banker's jargon denoting the outflow of funds from savings accounts into financial instruments such as Citicorp's financing package. Not only does it threaten deposits held by all thrift institutions but also Citibank as well!

The original June 19 filing called for a 15-year note issue amounting to a \$250 million. The tombstone advertisements specifically stated in customary, hard-to-read, light six-point italic type that by no means should the paid announcement be construed "as constituting an offer to sell or the solicitation of an offer."

Tombstone advertisements are straight forward, barebone recitations of the amount and terms of proposed new issues, among other things. The Securities and Exchange Commission has long insisted that there can be no pre-selling before a registration is approved, and that no selling can be done without making a prospectus available to the potential investor.

Nevertheless, despite this customary lip service game that is played by the financial community, the new issue was overwhelmingly over subscribed. A week and a day later, the ante was raised by the \$44 billion asset-laden holding company to an explosive \$850 million.

The funds being raised cannot be redeployed to Citicorp's principal subsidiary, Citibank, without being subjected to reserve requirements. The preliminary prospectus makes it quite clear that the money will be used for Citicorp's financial-related services such as mortgage banking, consumer finance, credit cards, management consulting, lease financing and so on. It will not be siphoned by the bank.

Why then does one of the nation's largest banking groups have to provide such a sweet deal?

Obviously, what Citicorp has done is to find a sure way to get out of its apparently over extended commercial paper bind at a time when even the best of banks and corporations find it difficult to market their paper directly. Top-graded commercial paper is sold directly to investors, but lately such paper has been difficult to market, thus requiring their placement by commercial paper dealers.

Prime paper placed through dealers hit a high of 11% on June 26. As of May 31, Citicorp's outstanding paper totaled \$1.5 billion, and averaged \$1.1 billion in the first five months this year.

The six-month put allows holders to redeem their holdings prior to any interest payment date providing they give 60 to 30 days notice. Thus, the chances are that the 15-year note will have a much lower average life, requiring frequent roll overs.

In that event, the holding company will be issuing new notes to roll over the retirements. This would make Citicorp an issuer of new securities and place it squarely in violation of the Glass-Steagall Act, which prohibits banks from being affiliated with issuers of securities.

The National Association of Mutual Savings Banks has charged that the offering will violate the spirit of Federal Reserve Regulation Q, which regulates interest rate ceilings on bank deposits. The maximum for commercial banks is 7.25 per cent, and 7.50 per cent for mutuals.

What the competition fears is that once the funds raised are redeployed through Citicorp's Advance Mortgage Corp. and Nationwide Financial Services Corp., among other of its subsidiaries, they will find their way into Citibank, thus defeating the barriers containing bank holding companies from being conduits of funds for bank subsidiaries.

If this is the case, then Regulation Q should be pulled completely. This suggestion, however is not well liked by the mutuals. The national association has asked Federal Reserve Chairman Burns to rule the notes as deposits.

Back in January, 1970, John R. Bunting, head of First Pennsylvania Banking & Trust Co. and First Pennsylvania Corp., managed to sell directly to investors 24-month capital notes in small denominations to the tune of \$25 million. It was a sell out in 10 days and prompted the Fed to rule that any bank obligations shorter than seven years would be subject to reserve requirements, a ruling which does not apply to bank holding companies using the funds for nonbank purposes.

The Fed has stated that the Securities and Exchange Commission's approval was the only necessary requirement for a bank holding company's offering. In the light of the hue and cry raised against Citicorp's truly innovative proposed offering, the Fed may have to retract its initial reaction, at least to show that it is fully satisfied that the arguments against the offering are not germane or valid.

Meanwhile, Franklin National Bank's deposit outflow has subsided considerably. The financially beleaguered bank's deposit drain in the latest week was off but \$47 million. Since May 10 when news of its precarious illiquidity situation was announced, total deposits dropped close to a billion, placing the former 20th largest bank in the USA down to about 40th.

The new chairman and chief executive officer, Joseph Walker Barr, has headed the American Security & Trust Co. since 1969. His taking over the helm of the troubled bank may have allayed depositors' fears and restored the important element of confidence, crucial to any bank.

Indexing

Should Brazil's example be followed for inflation pain?

By WALTER W. HELLER
and ALBERT FISHLOW

EDITOR'S NOTE: This viewpoint is reprinted from the Bank Letter of the National City Bank of Minneapolis. Heller, a consultant to the bank and the Democratic Party is also a professor at the University of Minnesota. Fishlow is chairman of the Department of Economics of the University of California at Berkeley and a close student of the Brazilian economy.

In a world bedeviled by double-digit inflation that has thus far defied both traditional monetary-fiscal policy and wage-price controls, it is not surprising that "indexing," or "indexation," is gaining attention and adherents.

Not that the idea of converting fluctuating money values into stable real values through the use of a price index is new. The search for such a stable standard of values traces back at least to the English

indexing was applied in an effort to cope with rampant inflation and get financial markets to function again. The hundred or so laws and decrees in Brazil's system of monetary correction can be summarized as follows:

—Inflation rates of the recent past are used to translate nominal or monetary values into the corresponding real values for payments of rent, interest, and taxes; for financial assets like bonds, savings accounts and mortgages as well as for fixed physical assets; and for the level of exchange rates.

—Wage increases are determined by calculating a base consisting of the average real wages prevailing over the 24 months and adding to it the expected future price and productivity increases.

—Profits taxes are determined on the basis of the real gains after monetary correction, while the level of exemptions and the range of tax brackets under the personal income tax are redefined each year in accord with price level changes.

Opinion

economist Jevons a century ago. And countries like Belgium, Israel, and Finland have indexed such payments as wages, pensions, rents, and selected financial transactions.

Even in the United States, we are practicing indexing in a limited way. By means of cost-of-living adjustments, we provide some insurance against inflation for 32 million Social Security and civil service beneficiaries and 13 million recipients of food stamps. And the wages of about 10 per cent of the labor force are at least partly hedged against inflation by cost-of-living escalators.

What is new, then, is not indexing as such, but the proposal that it be applied across the board, that in Milton Friedman's words, we should "express all transactions that have a time duration in terms that eliminate the effect of inflation." It is claimed that this would automatically take both the sting and the honey out of inflation and thus clear the path for monetary and fiscal measures to bring it under control.

Brazil has applied the indexing device more widely than any other country. Even more noteworthy, its use of "monetary correction" has coincided with a marked slowdown in inflation and a strong and sustained rate of real economic growth.

The annual rate of inflation was brought down from about 90 per cent in 1964 to 15 per cent in 1973 (though world-wide inflationary pressures have again pushed it up to over 35 per cent in the early months of 1974). Meanwhile, real growth has averaged better than 10 per cent a year since 1968. Small wonder that countries caught in the coils of unrelenting inflation should sit up and take notice.

Our purpose is to separate fact from fiction about Brazil's experience with indexing and to consider what lessons we can and cannot draw from it in the very different United States context.

Indexing Brazilian fashion

Although Brazil had experimented with indexing in the 1950's, it was not until the military take-over in 1964 that widespread

In all instances except rentals (where the indexing standard is the minimum wage) the measure of inflation used for the correction process is the wholesale commodity price index.

Under the hammer blows of 80 per cent-plus inflation, markets for long-term securities and mortgages had been destroyed, savings accounts virtually disappeared, government finance was a shambles, and relative prices had become almost meaningless as a guide to the allocation of resources. So the new government introduced a series of indexing measures between 1964 and 1968 in an effort to restore the market calculus:

—Early in the game, purchasing power bonds were issued to help finance the huge federal deficit. Debt principal was revalued each quarter, and interest payments were upped accordingly.

—Balances owed to the government for taxes or social security contributions were put on a real basis and, later, income tax exemptions and brackets were regularly re-calibrated with the aid of the wholesale price yardstick.

—Mortgage loans were indexed, thus facilitating the creation of a national housing bank and related private institutions.

—Private savings were made more attractive by indexing the time deposits of commercial banks as well as those of newly established investment banks. But indexing was not applied to such dominant instruments as six-months commercial acceptances and short-term bank loans, and high interest rates continued to prevail for these.

—Regular revaluation via indexing was also effectively extended to the calculation of rent and the valuation of fixed capital and depreciation write-offs for business. Inflation adjustment of working capital was also permitted.

—Finally, Brazil's exchange rate was put on a crawling peg—that is, instead of putting the economy through the wringer of occasional big devaluations, a system of regular mini-devaluations geared to dif-

See INDEXING, page 35



Eliot Janeway

The stock market's predictability

Chairman, Editorial Advisory Board,
The Commercial and Financial Chronicle

Maligning the stock market is one of America's favorite indoor sports. Irrationality is the thrust of the complaint against it. The idea is that the stock market is unpredictable because it is over-susceptible to rumors that make no sense even when they are hot. And, when they cool off the market swings violently in the opposite direction.

Economists of three separate and conflicting schools of thought have contributed to this notion that the stock market is a drop-out from the world of rational behavior.

Devotees of the Friedmanite school of monetarism are the first. The macro-economic model builders who have been responsible for official theorizing in recent years are the second. Investment advisors offering the conventional wisdom as a defensive strategy for capital against inflation are the third.

The Friedmanite premise about the stock market has always struck me as contradicting its broader premise about the performance of the company as a whole; mainly, that it speeds up and slows down as the money supply, narrowly defined, expands and contracts. The stock market is the one section of the market-place in which this rule invariably applies. Stocks go up when the supply of cash and credit available to buy them expands, and vice versa.

Yet the Friedmanites dismiss the stock market as a kind of erratic fashion center beyond the fringe of the main economic stream. I disagree.

The macro-economic model builders, who have been counting the GNP in their capacity as advisors to recent presidents, are inclined to be just as defeatist about the eternal quest to read a pattern of rationality into the performance of the stock market. Their premise that counting the GNP is the way to count the workings of the world of real money has become increasingly questionable as the GNP computation has been complicated by inflation.

Their conclusion that the stock market goes where the trend of the economy leads it has fallen afoul of the bare facts and figures of stock market performance.

If a breakout boom in business activity could guarantee a follow-through surge in stock prices, last spring's inflationary bubble would have done it. Instead, it did the exact opposite, causing economists of the GNP-counting school to join the Friedmanites in throwing up their hands in despair over the stock market for being not merely irrational, but downright perverse.

Investment advisors are expected to be practical, while economists are not. In fairness to the members of the fraternity, most of them have been warning their clients to dig in against more inflation in the face of promises from economists of

less. But, if most investment advisors have been right about the danger, they have been wrong about the defense.

Stocks did start out being the surest defense against inflation when inflation started up. Stocks then wound up being the most profitable defense against inflation as inflation sped up, but before it got out of control. Now that inflation has gone wild, however, stocks have gone bad as a defense against it.

In fact, last spring's inflationary takeoff added a new dimension of confusion to the complaint from investment counselors against the stock market for being irrational.

Of all the standard measures of inflation, none seemed to be taking a wilder joy ride than corporate earnings. Of all the standard measures of stock market responsiveness, none command more unquestioning respect than corporate earnings. The peak of perversity was reached when stock prices fell as fast as earnings rose.

Only now, after the damage has been done, the managements of companies, which reported the surge in earnings, are waking up to the realization that the stock market knew something that neither they nor the investment advisors nor security analysts suspected at the time.

While the earning power of their working assets was jumping faster than ever, the cost of replacing those working assets was jumping very much faster. At the same time, their need to replace those assets was becoming more urgent. More than co-incidentally, finding the money was becoming more costly, as well as chancy.

The discovery showed the riddle of Wall Street, confirming my theory about the first rule of stock market performance: that stock prices go up when money is easy and spills over from the work-a-day world into the financial equivalent of leisure-time living and vice versa. Any time companies are chasing money, money is not likely to be chasing stocks.

Of all long-standing corporate symbols of cash and carry, DuPont is the most prestigious. The recent announcement of its decision to turn borrower has surfaced the suspicions and the strains responsible for turning stockholders into sellers on balance.

Once viewed as the arena where money pressures met, the stock-market now takes top honors for rational predictability. The moment bank presidents, who are supposed to know, assured Wall Street that corporate borrowings and, therefore, interest rates were in for a drop, it rallied. Its only mistake was in assuming any coherent connection between the statements of bank spokesmen and the workings of the money markets. Now that it knows that interest rates really are headed up, the stock market really is headed down.

Follow insider trading
Follow the publication of record each week.
The Chronicle

Bonds

A variety of adverse factors turn market into a virtual shambles

by ROBERT B. PLANTE
Special to The Chronicle

The money and capital markets were characterized last week by a host of adverse factors which, taken collectively, have reduced the markets to a virtual shambles. These included, among others, escalation of rates, expansion of loans, retrenchment of bids, indifference of investors, disintermediation of funds, displacement of offerings, and disgruntlement of dealers. It was, all in all, a ghastly week.

Taking the above factors seriatim:

Rates: The prime lending rate of commercial banks stands almost universally at 11 3/4 per cent and at one bank at 11.80 per cent. These are record highs, and every indication is that the rate will hit 12 per cent during the coming week. The rate on Federal funds reached an average of 11.97 per cent during the week, up from 11.85 the previous week. On Thursday alone it fluctuated in a range of 12 1/2 to 14 per cent, despite two entrances by the Federal Reserve Systems Account doing five-day and overnight repurchases. New York City and TVA incurred their highest costs ever in their respective note sales. Dealer-placed 90-day commercial paper rose to a new record, averaging 11.45 per cent, compared with 11.23 per cent the previous week.

Loans. Commercial and industrial loans of New York City's 12 reporting banks increased by \$551 million in the statement week, following a rise of \$719 million in the prior week.

Bid Retrenchment. Secondary markets in corporate and municipal bonds have virtually vanished in a practical sense to impair seriously the liquidity of outstanding bonds. Inventory accumulation is being avoided like the plague, and whatever bids are put out for bonds for shelf purposes are likely to be unrealistically low.

Investors. Despite record yields on long-term securities, institutional investors seem largely to be staying on the sidelines, rolling over short-term paper, and waiting for credible evidence that the bond markets have bottomed. In some cases, when long-term commitments are made, the investor is paying with existing bonds in portfolio.

Disintermediation. The erosion of deposits in savings banks and savings and loan institutions, a predictable phenomenon in periods of high interest rates, is about to be heavily compounded through an ingenious new financing gimmick, being introduced by Citicorp, parent holding company of First National City Bank. The financing scheme involves the flotation of \$850 million notes with a variable interest rate that is linked to the rate on U. S. Treasury bills.

Despite a nominal maturity date of 1989, the notes are redeemable, at the option of the holder at dates conforming to the semiannual interest payment dates. They are to be issued in minimum amounts of \$5,000, with \$1,000 increments. Subscriptions have poured in, and the success of the deal is likely to induce a rash of similar financings by other bank holding companies. The effect on the housing industry is likely to be disastrous.

Displacement. A number of corporate and tax-exempt issues have been postponed or withdrawn from issuance, or priced out of the market by prevailing interest rates. Among these are International Tel. & Tel.

(\$250 million), Honeywell Finance Inc. (\$75 million), Michigan National Corp. (\$40 million), new public housing bonds (\$125 million), and Jefferson Parish, Louisiana (\$17.75 million).

All in all, it's been a ghastly week, or as one bond dealer put it: "(expletive deleted)."

Pac Tels a riot

The big corporate issue of the week was the \$250 million Pacific Telephone & Telegraph Company debentures, due in 2011, which commanded a record high interest cost for a Bell Tel unit. The winning bid, submitted by a Morgan Stanley syndicate, was a 99.069 for a 9 1/2 coupon, establishing a net interest cost of 9.59 per cent.

The highest previous cost for an AT&T subsidiary was a 9.35 per cent on a \$100 million issue of Bell Tel of New Jersey back in July of 1970. However, the Pacific Tels are rated a shade weaker than other Bell System obligations because of a split rating: triple-A by Moody's and double-A by Standard & Poor's.

The Pacific Tels were reoffered at par and were snapped up with all deliberate speed. Dealers reported that most of the debentures seemed to be going away for cash, despite the fact that recently the largest portion of new-issue corporate trading with retail has been effected through swapping and "over-trading" mechanisms.

In the wake of the Pac Tel sellout, bonds moved to a quarter point premium, carrying much of the market along with it. The brief rally merely regained whatever ground had been lost prior to the successful placement, and by Thursday the market had lapsed into its downward habit of recent weeks.

Virginia Electric & Power came to market on Wednesday after restructuring its borrowing plans several times during the previous days, a contingency partly attributable to the vagaries of the recent market and partly to the fact that both Moody's and Standard & Poor's had downgraded the securities from double-a to single-A.

When the issue was finally sold, it was through negotiation with a Morgan Stanley-Merrill Lynch group instead of at competitive bidding. The Utility offered \$100 million nine-year bonds in place of \$100 million 30-year bonds and \$50 million nine-year bonds. The long bonds are being put on ice temporarily. The bonds were tagged as 10 1/2s at par, and were quickly sold out.

Treasuries continue sluggish

In the market for U. S. Government securities, bills particularly the new 91-day bill, continued scarce and firm. The new 13-week bill, auctioned on Monday at an average tender rate of 7.841 per cent, moved as low as 7.20 per cent asked, before closing on Thursday at 7.50 asked.

In the coupon sector, long bonds were off 1/2 to 3/4 on the week, and intermediates dropped between 1/2 and 3/4. For the most part, it is a quoting market rather than a trading market, with most of the activity strictly professional. The new 8 1/2s of 1999-94 dropped a quarter, from 103 1/2 bid to 103 1/4 bid. The 8 1/4s of 1976 gave up 1/2, from 101 bid to 100 1/2 bid.

See BONDS, page 11

The Markets

Insiders hope for the Bucks

home — 11,000-seat Milwaukee Arena. The lease will mean lower rental costs for the team.

Fromstein says the deal includes a five-year option at a lower guaranteed rental and all concession rights within the arena. The agreement also provides for the firm to move its offices to within the arena.

Playoff profits

A professional basketball team tends to become profitable when it reaches the playoffs and the further the team reaches within the playoff structure, the more profits accrue. Last year the Bucks reached the final or third round and according to basketball experts, the team is likely to remain as one of the best in the league for some time.

The Bucks have Kareem Abdul-Jabbar, the most valuable player in the league last year, and several other star players. The team also signed its first choice in the annual draft of top collegiate talent.

Despite these positive factors, Milwaukee-based security analysts remain unimpressed by the prospects of the company, fearing that it is a one-item company "As Jabbar goes, so go the Bucks," one analyst said.

The company has sought to broaden its

Milwaukee Bucks

Current price: \$5.50 P-E ratio: 26
Dividend: 15 cents Yield: 2.7 per cent

	1973...	1972
Revenues:	\$2,983,000	\$3,195,000
Net inc.:	\$121,000	\$371,000
E. P. S.:	\$0.2	\$0.64

Shares outstanding: 585,175
Traded: OTC
Address: 211 West Wisconsin Ave., Milwaukee, Wis. 53203
Telephone No.: (414) 272-6030
Contact for analysts: Michell S. Fromstein, vice president
(414) 272-2711

base by acquiring a 25 per cent interest in Total TV Inc., a cable television franchise with systems in Janesville, Wis., and several Florida communities. Fromstein says the systems are working entities and can be tied into broadcasts of sports programming.

Through its "Sportcom" division, the firm sells radio and television syndicated sports shows, feature sports shows and other sports related programming. The firm also runs summer sports camps which specialize in basketball.

The company also is contemplating expansion into other sports-related areas, but so far no definite agreements have been reached.

See INSIDER, page 14

Stocks

Interest rates continue to climb; some issues suffer large losses

By STEVE COLLINS
Chronicle Staff

Stocks, plagued by rising interest rates and large losses in certain individual issues, fell sharply last week, dropping 25.19 points alone in the last two sessions, more than 25 points.

Most of the nation's banks fell into line with the 11 3/4 per cent prime rate — up from the previous 11 1/2 per cent. The rise in this key indicator of money demand, however, is not expected to stop there.

Banking analysts feel that it is almost inevitable that the prime would be perched at a new record high of 12 per cent by early this week.

Money market analysts feel the First National Bank of Chicago, the only bank with a prime of 11.8 per cent, could push its rate to slightly above 12 per cent. The bank calculates its rate on the prevailing levels in the commercial paper market. On this formula, the bank could set a prime of around 12.05 per cent.

According to New York Federal Reserve Bank figures for the week ended Wednesday, business loans at the 12 leading New York banks rose sharply for the third straight week. In addition, some key short — term interest rates, including that of commercial paper, set new record highs.

Bank loans rose by \$551 million in the latest reporting week, compared with a rise of \$719 million in the previous week which included last minute borrowing for cor-

porate quarterly income tax needs. For the three weeks the rise in loans totals \$1.69 billion.

Analysts cite both continued heavy business loan demand and rising short term rates as major causes of the prime interest rate spiral, along with the Federal Reserve's determination to fight inflation with tight credit policy.

The stock market, however, may have already discounted the probability of a 12 per cent prime and now stands poised for a slight upswing. Ted Bukowski, an analyst at E. F. Hutton & Co., believes the market is greatly oversold, citing that the Dow is only a little above its 1974 low of 795.37, set on May 29. The temptation of big bargain hunting may set off a technical rally, similar to last Tuesday when the Dow rose over 12 points.

Certain issues particularly hammered during the week included Westinghouse Electric Corp., which slumped 2 1/2 points Thursday, until trading was halted. Rumors circulated concerning the company's financial condition. McCrory Corp. lost over a third of its value Thursday when the stock fell 3 1/2 points to 6. It was reported that the proposed merger of Rapid-American and McCrory may be delayed. J. P. Morgan lost 2 1/2 points Thursday because of court action involving its wholly owned subsidiary, Morgan Guaranty Trust, and Bankhaus I. D. Herstatt, a German banking house whose license was revoked.

Bond market turns into a virtual shambles

Continued from page 10

Four issues in the U. S. Agency market last week raised close to a billion dollars on short and intermediate-term obligations.

The Banks for Co-operatives reopened four outstanding bond issues to raise an additional \$99 million. These included \$2.5 million 7.15s of 9-3-74, \$48.5 million 8.20s due 10-1-74, \$35.8 million 8.65s of 11-4-74, and \$12.2 million 8.90s maturing 12-2-74.

The Federal Intermediate Credit Banks borrowed \$143 million by reopening two existing bond issues: the 7.95s of 8-1-74 for \$5 million, and the 7.95s of 10-1-74 for \$138 million.

The Tennessee Valley Authority on Tuesday paid the highest cost in its history of monthly sales, in auctioning \$230 million of 126-day notes at an average rate of 10.186 per cent, with bids ranging from 9.80 to 10.28 per cent. In last month's sale, the rate was lower by almost 83 basis points at 9.357 per cent.

Federal National Mortgage Association requisitioned a half-billion dollars on Wednesday on two new issues. Coupons of 8.95 per cent were designated for \$300 million bonds due 1978, with the remaining \$200 million tagged as 8 $\frac{1}{8}$ s for maturity in 1982. Both issues were priced at par.

NYC notes again

New York City, which has been tapping the short-term market heavily and frequently over the past few months, was back again last Monday seeking \$800 million on two issues of tax-exempt notes, with an average life of 236 days. The winning bid, submitted by a Morgan Guaranty group, specified an average rate of 7.188 per cent, the highest cost that Fun City has ever incurred on short-term paper, with over-all interest in excess of \$40 million.

One issue of \$200 million due 12-18-74 drew a cost of 7.17 per cent, while \$600 million due 4-14-75 traded at 7.193 per cent. Both were reoffered to the public at a yield of 7.00 per cent. Only one-third of the notes were retailed on the day of issue, with modest follow-through sales reported for the balance of the week.

While the new notes were being offered, another New York City note issue, which had been initially offered two weeks earlier, was moving to the free market to be repriced upward in yield by 105 basis points. The \$400 million balance of the \$900 million tax anticipation note offering, originally marketed at 5.86 per cent and reoffered at a 5.75 basis, was freed from syndicate restrictions and was marked down in price to lift the yield to 6.80 per cent.

Meanwhile, New York City was readying a \$440 million long-term bond issue for auction in the near future. This will be the largest amount ever borrowed on bonds by the largest municipal borrower of them all, surpassing the record \$436.6 million sold by the City last April.

The biggest financing of the week in the tax-exempt market was the quarterly offering of new public housing bonds, and it was a question whether they could be wholesaled at all with an interest rate limitation of 6.00 per cent. As it turned out, some were sold, others not.

Out of the 56 issues totaling \$359 million, bids were submitted for 30 issues, aggregating \$233,845,000, and impressive performance considering the shabby state of the market. Maturities on the issues ranged from 1975 to 2015, and the over-all net interest cost was 5.9636 per cent, up sharply from the 5.1077 per cent cost of the last housing bond sale in March.

Eight different bidding groups accounted for the 30 issues, and first-day sales left in unsold balance of \$93 million, a balance basically undisturbed by next-day confirmations. A breakdown of syndicate managers, number of issues, and over-all amounts purchased follows:

- Morgan Guaranty, nine, \$58,210,000;
- Donaldson, Lufkin & Jenrette, five, \$50,475,000;
- Edwards & Hanley, two, \$48,585,000;
- Chase Manhattan Bank, five \$29,790,000;
- Salomon Brothers, one, \$23,315,000;
- Continental Illinois National Bank, three, \$9,670,000;
- Northern Trust Company, four, \$9,530,000; and
- Harris Trust & Savings Bank, one, \$4,270,000.

Puerto Ricos marketed

The largest negotiated deal in the tax-exempt sector was the \$100 million Puerto Rico Telephone Authority revenue bonds purchased Tuesday by First Boston Corporation and associates. The bonds were ballooned into two term issues, comprising \$30 million tagged with a 7 $\frac{1}{4}$ per cent coupon due 1999, and \$70 million 8 per cent bonds due 2015. Rated A by Moody's and BBB by Standard & Poor's, the bonds were immediately pro-rated to the members and, as of Thursday afternoon, they were still being offered at the take-down.

The Riverside Civic Center Authority, Cal. took bids Tuesday on \$11 million A-rated obligations, due 1977-99. These were revenue bonds, and the only bid submitted was by a Bank of America group, designating a net interest cost of 7.00 per cent. The bonds were reoffered at yields ranging from 5.75 per cent to 7.00 per cent.

On Wednesday, a group led by Alex Brown & Sons was high bidder for \$13,235,000 Harford County, Md. obligations, due serially from 1975 to 1999. The winning bid specified a net interest cost of 6.12 per cent for Moody's A-1 bonds, and the issue was reoffered at yields ranging from 5.50 per cent up to 6.40 per cent. About half the bonds were sold on the day of issue.

Major issues offered this week

Corporates							
Issues	Amt. (000,000)	Coupon Per cent	Mat.	Off'g Date	Price	Moody Rating	Yield Per cent
Baltimore Gas & El.	\$100	10	1982	6-27	100	Aa	10.00
Pacific Tel. & Tel.	250	9 $\frac{1}{2}$	2011	6-25	100	Aaa	9.50
Southern Pacific	15	9	1975-89	6-25	var.	Aa	9.9.15
Virginia Elec.	75	10 $\frac{1}{2}$	1983	6-26	100	A	10.50
Federal Agencies							
FNMA	\$300	8.95	1978	6.26	100	AAA	8.95
FNMA	200	8 $\frac{7}{8}$	1982	6.26	100	AAA	8.875
Municipals							
Issues	Amt. (000,000)	Mat. Range	Off'g Date	Moody Rating	NIC	Reof'g Scale	
P. R. Tel. Auth.	\$30	1999	6-25	A	N-A	7.75	
P. R. Tel. Auth.	\$70	2015	6-25	A	N-A	8.00	
Public Housing	233.845	1975-2015	6-26	Aaa	5.984	5.25-6.00	
Harford Co. MD	13.235	1975-99	6-26	A-1	6.12	5.50-6.40	

Tax-exempt dollar bonds

The following is a representative list of long-term dollar-quoted municipal revenue bonds, with bid prices for the latest week, the previous week, and the net changes.

Issue	Bid June 27	Bid June 20	Net Change
Bat. Prak City 6 $\frac{3}{8}$ -14	82	83	-1
Chelan Co. PUD 5-13	76	78 $\frac{1}{2}$	-2 $\frac{1}{2}$
Chicago O'Hare Airport 4 $\frac{3}{4}$ -99	81 $\frac{1}{2}$	83	-1 $\frac{1}{2}$
Dallas Ft. Worth 6 $\frac{1}{4}$ -02	83	86	-3
Delaware River PA 6-10	84	88 $\frac{1}{2}$	-4 $\frac{1}{2}$
Florida Turnpike 4 $\frac{3}{4}$ -01	76	78	-2
Kentucky Turnpike 6 $\frac{1}{8}$ -08	86	88	-2
Mass Port	82	84	-2
Nebraska PPS 5.80-13	85	85 $\frac{1}{2}$	- $\frac{1}{2}$
NJ Highway 6 $\frac{1}{2}$ -11	96	97	-1
NJ Turnpike 5 $\frac{3}{4}$ -09	86 $\frac{1}{2}$	88	-1 $\frac{1}{2}$
NYS Power Authority 6 $\frac{7}{8}$ -10	98	98	—
NYS Urban Dev. 6-13	76	78	-2
Oklahoma Turnpike 4.70-06	76	77	-1
Port Authority NY-NJ 6-08	85	88	-3

Recent corporate issues

The following is a list of recent corporate bond issues, with offering prices, latest bid prices and weekly changes.

Issue	Offering Price	Latest Bid	Weekly Change
UTILITIES			
American Tel. & Tel. 8.80-05	100	97 $\frac{1}{2}$	-2
Carolina P & L 9 $\frac{3}{4}$ -04	99 $\frac{3}{4}$	96	-1
Chesports (MD) 8 $\frac{7}{8}$ -09	99.20	97 $\frac{1}{2}$	-1
Chesports (VA) 8 $\frac{7}{8}$ -09	99.725	96	-1
Commonwealth Ed. 9-79	100	99 $\frac{3}{4}$	-1
Detroit Ed. 9 $\frac{7}{8}$ -04	99 $\frac{1}{4}$	92 $\frac{3}{4}$	- $\frac{3}{4}$
Florida P & L 8 $\frac{7}{8}$ -82	99 $\frac{3}{4}$	98 $\frac{1}{4}$	-1 $\frac{1}{4}$
INDUSTRIALS			
Carnation 8 $\frac{1}{2}$ -99	99 $\frac{3}{4}$	98 $\frac{1}{2}$	- $\frac{1}{2}$
Caterpillar Tractor 8.60-99	100	99 $\frac{1}{2}$	- $\frac{3}{2}$
General Electric 8 $\frac{1}{2}$ -04	100	99 $\frac{1}{2}$	- $\frac{1}{2}$
GMAC 8 $\frac{7}{8}$ -99	98 $\frac{5}{8}$	97 $\frac{5}{8}$	-1
International Harvester 9-04	99.20	97	- $\frac{3}{4}$
Pfizer 8 $\frac{1}{2}$ -99	99 $\frac{1}{4}$	97 $\frac{1}{2}$	- $\frac{1}{2}$
Philip Morris 8 $\frac{7}{8}$ -04	99.395	96 $\frac{1}{2}$	- $\frac{1}{2}$

The ever-new *Chronicle* reaches the people who manage the assets of America.

144 Letter Stock

Summarized below are significant notices or 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 investors," who do not require information usually disclosed in a securities registration statement. These securities are usually sold at a discount to investors who are listed below as sellers. These securities 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 Hospital Supply Corp. 6,830 common at \$263,000 - sale on June 7, 1974 through Smith, Barney & Co., Inc. - acquired on July 28, 1971 from the company. Paul B.C. Louis, consultant.

Archon Pure Products Corp. 40,000 common at \$80,000 - sale on June 15, 1974 through Heller & Meyer - acquired in August, 1971 from the company. Sydney Chasman.

Arvin Industries Inc. 13,450 common at \$164,762 - sale on May 15, 1974 through Reynolds Securities Inc. - acquired in July, 1967 from the company. Albert J. Pityo.

Bally Manufacturing Corp. 10,000 common at \$175,000 - sale on June 7, 1974 through Reynolds Securities Inc. - acquired in March, 1968 from the company. Irving Kaye.

Bankamerica Corp. 2,000 common at \$78,000 - sale on June 4, 1974 through Drexel Burnham & Co. - acquired on March 26, 1974 from the company. C. H. Baumhefner, vice chairman and treasurer.

Baxter Laboratories Inc. 20,000 common at \$805,000 - sale on June 4, 1974 through Wayne Hummer & Co. - acquired on March 30, 1974 from Ralph Falk II. Suzanne C. Falk.

Baxter Laboratories 3,314 common at \$145,816 - sale on June 12, 1974 through Wayne Hummer & Co. - acquired on March 30, 1972 from Ralph Falk II. Suzanne C. Falk.

Bio-Medical Sciences Inc. 7,164 common at \$204,174 - sale on June 15, 1974 through Edward A. Viner & Co., Inc. - acquired in part on September 9, 1969 from Oliver and K. Moss, Berel C. Weinstein, and S. Stanley Krentzer and in part on June 1, 1971 from the company. Edmund F. Buryan.

Brass-Craft Manufacturing Co. 5,000 common at \$90,000 - sale on June 14, 1974 through Goldman, Sachs & Co. - acquired in 1968 from the company. Judith R. Rosenstein, wife of A. Rosenstein, executive vice president and director and daughter of Mr. and Mrs. Robert M. Zell, principal shareholders and chairman of the board and vice president, respectively.

Burnup and Sims 17,500 at \$323,750 - sale on June 11, 1974 through White, Weld & Co.,

Inc. - acquired on May 5, 1974 from Struthers Wells. William C. Deviney, employee.

Centronics Data Computer Corp. 45,000 common at \$888,750 - sale on June 10, 1974 through Fahnstock & Co. - acquired on October 31, 1968 from the company. Robert Howard, officer, director, and 10 per cent stockholder.

Charter Co. 2443 common at \$80,000 - sale on June 10, 1974 through Kidder, Peabody & Co., Inc. - acquired on March 10, 1972 from the company. Edward J. Barnes.

Coca-Cola Co. 10,000 common at \$1,150,000 - sale on June 18, 1974 through White, Weld & Co. and Merrill Lynch, Pierce, Fenner & Smith, Inc. - acquired on May 8, 1970 from the company. John C. Cleaver, director.

Combustion Engineering Inc. 3000 common at \$132,750 - sale in early June, 1974 through Merrill Lynch, Pierce, Fenner & Smith, Inc. - acquired on March 15, 1968 from the company. George E. Edsner, president of subsidiary.

Computervision Corp. 8,000 common at \$97,000 - sale on June 14, 1974 through R.W. Pressprich & Co. - acquired on April 3, 1969 from the company. Jenney Oil Co., Inc. 15,200 common at \$197,600,000 - sale on June 7, 1974 through E.F. Hutton & Co., Inc. and Merrill Lynch, Pierce, Fenner & Smith - acquired on November 30, 1971 from the company. Peter L. Wolken, employee.

Continental Mortgage Investors 150,000 shares of beneficial interest - sale on May 17, 1974 through Goldman, Sachs & Co. - acquired on February 17, 1969 from the company. First National Bank of Boston, Trustee for retirement fund.

Dart Industries 8,819 common at \$172,855 - sale in mid-June, 1974 through Hornblower & Weeks-Hemphill, Noyes - acquired in 1970 and 1971 from the company. Jack E. Kirby.

Delta Air Lines Inc. 15,862 common at \$854,565 - sale on June 11, 1974 through Merrill Lynch, Pierce, Fenner & Smith, Inc. - acquired from 1947 through 1956 from the open market. Richard W. Freeman, director.

Dentsply International Inc. 9,200 common at \$266,800 - sale on June 11, 1974 through Goldman, Sachs & Co. - acquired on April 30, 1974 from the company. Edward W. Duling.

Dow Chemical Company 3,693 common at \$246,000 - sale on June 12, 1974 through Goldman, Sachs, & Co. - acquired on June 6, 1972 from the company. Clinical Laboratory Medical Group, a general partnership.

Fluor Corp. 4,017 common at \$116,000 - sale on June 10, 1974 through E.F. Hutton & Company Inc. - acquired from Mrs. P.M. Pike. Mary E. Pike, stockholder.

Gannett Co., Inc. 10,000 common at \$380,000 - sale on June 11, 1974 through E.F. Hutton & Co. - acquired on April 14, 1971 from the company. J. Warren McClure, vice president and director.

Gelco Corp. 6,800 common at \$102,000 - sale on October 19, 1974 through Dain, Kalman & Quail, Inc. - acquired in 1956 and 1971 as a gift from Norman Grossman, President

and Chairman of the Board of Gelco Corp. Minneapolis Federation for Jewish Service

General Automation Inc. 8,000 common at \$289,500 - sale in June, 1974 through Bateman Eichler, Hill Richards, Inc. - acquired on March 5, 1971 from the company. Allstate Insurance Co.

General Motors Corp. 34,000 common at \$1,802,000 - sale on June 13, 1974 through Goldman, Sachs & Company - acquired on November 6, 1968 from the company. National Bank of Detroit and the co-trustees of the Charles T. Fisher Marital Trust.

Hewlett-Packard Co. 10,000 common at \$885,000 - sale on June 7, 1974 through White, Weld & Co. and Dean Witter & Co., Inc. - acquired on January 29, 1969 from David Packard. David & Lucile Packard Foundation.

Phillip A. Hunt Chemical Corp. 5,050 common at \$101,000 - sale on June 10, 1974 through Jefferies & Co., Inc. - acquired on February 3, 1967 from the Coles Fund. Alvin H. Schulman et al., trustees.

Ingersoll-Rand Co. 4,500 common at \$355,000 - sale on June 7, 1974 through Goldman, Sachs & Co. - acquired on March 31, 1972 from a subsidiary of the company. R. Paul Kashden, chairman of subsidiary. 4,000 common at \$300,000 - sale on June 13, 1974 through Goldman, Sachs & Co. - acquired on March 31, 1972 from subsidiary of the company. Edward Tellerman, president of subsidiary.

Intel Corp. 2,000 common at \$150,000 - sale on June 13, 1974 through Dean Witter & Co. - acquired on September 3, 1971 from the company. Gerald K. Fehr, employee.

International Systems & Controls Corp. 4,000 common at \$146,000 sale on June 12, 1974 through Kalb, Voorhis & Co. - acquired on April 5, 1973 from the open market. Herman M. Frietsch, officer.

Johnson & Johnson 950 common at \$112,812.50 - sale on June 11, 1974 through Hornblower & Weeks-Hemphill, Noyes - acquired on March 13, 1970 from the open market and during 1971 from company plans. Wilfred H. Norman, director.

Kroger Co. 10,000 common at \$210,000 - sale on June 12, 1974 through Sanford C. Bernstein & Co., Inc. - acquired on September 19, 1969 from the company. American Friends of the Hebrew University.

Lowe's Companies Inc. 13,000 common at \$600,000 - sale on June 11, 1974 through Merrill Lynch, Pierce, Fenner & Smith - acquired on July 25, 1972 from the company. Cecil J. Murray retired employee.

McDonald's Corp. 3,000 common at \$168,000 - sale in June, 1974 through Paine, Webber, Jackson & Curtis - acquired on December 18, 1972 from the company. John D. Cooke, executive vice president.

Fred Meyer Inc. 14,710 at \$272,135 - sale on June 13, 1974 through Dean Witter & Co. - acquired on April 29, 1974 from the company. Earle A. Chiles, vice chairman of the board.

Minnesota Mining and Manufacturing Co. 3,000 common at \$228,000 sale on June 6, 1974 through Piper, Jaffray & Hopwood - acquired in January, 1972 and July, 1973 from the company. Robert N. Wolfe, director and officer. 2,000 common at \$145,500 - sale on June 10, 1974 through First National Bank of St. Paul - acquired in July, 1973 from the company. Edward J. Kane, group vice president and director. 2,000 common at \$155,500 - sale on June 10, 1974 through Weeden & Co. acquired in July, 1973 from the company. Edward J. Kane, group vice president and director.

Modular Computer Systems 5,000 common at \$80,000 - sale on June 7, 1974 through Reynolds Securities, Inc. - acquired on June 23, 1971 from the company. Robert W. Sudbrink. 14,800 common at \$222,000 - sale on June 14, 1974 through Reynolds Securities, Inc. - acquired in February and October, 1970 from the company. J. Perry Knight.

Morton-Norwich Products, Inc. 20,000 common at \$375,000 - sale on May 20, 1974 through Goldman, Sachs & Co. - acquired in part in May, 1944 from the estate of Joy Morton and in part from a stock split in 1969. The Morton Arboretum, affiliate.

National Starch and Chemical Corp. 1,800 common at \$92,700 - sale on June 12, 1974 through Lazard Freres - acquired on December 13, 1972 from the company. Donald D. Pascal - chairman of the board and director.

Payless Cashways Inc. 10,000 common at \$151,250 - sale on February 25, 1974 through Piper, Jaffray & Hopwood, Inc. - acquired on April 21, 1969 from the company. Vernon W. Furrow, director.

Puroator Inc. 7,000 common at \$189,000 - sale on June 12, 1974 and after through Howe Barnes & Johnson, Inc. - acquired on April 27, 1972 from the company. Robert J. Wilson.

Reliance Group Inc. 10,000 common at \$140,000 - sale on March 15, 1974 through Josephthal & Co. - acquired on March 8, 1968 from the company. Bernard L. Schwartz, director.

Revco D.S. Inc. 7,544 common at \$211,232 - sale on June 6, 1974 through Goldman, Sachs & Co. - acquired on February 2, 1972 from the company. Henry K. Rosenberger.

Reynolds and Reynolds Co. 7,000 common class A - sale on June 11, 1974 through C.C. McCune & Co. - acquired on January 7, 1944 from Richard H. Grant, trustee. Richard H. Grant, Jr., chairman of the board.

Rockwell International Corp. 14,000 common at \$378,000 - sale on June 12, 1974 through Butcher and Singer - acquired in April and November, 1967 from the company. Willard F. Rockwell, Jr., chairman of the board.

Rollins Inc. 10,000 common at \$140,000 - sale on June 12, 1974 through Bache & Co., Inc. - acquired on February 13, 1973 from the company. Nathan Dvoskin.

Schering-Plough Corp. 10,000 common at \$700,000 - sale on June 4, 1974 through Thomson & McKinnon, Auchincloss, Kohlmeyer, Inc. and Morgan, Olmstead, Kennedy & Gardner, Inc. - acquired on June 3, 1974 from Abe Plough. Memphis-Plough Charitable Trust (one of trustees in a company director).

Joseph Schlitz Brewing Co. 3,000 common at \$145,000 - sale on June 12, 1974 through Thomson, McKinnon, Auchincloss, Kohlmeyer, Inc. - acquired on August 3, 1971 from a trust for the benefit of Joseph Uihlein, Jr. with Joseph Uihlein, Sr., Donor. Joseph Uihlein, Jr., director. 20,000 common at \$977,500 - sale on June 17, 1974 through Bear, Sterns & Co. - acquired on August 17, 1935 from Thekla U. Brumder. Thekla U. Brumder trust for benefit of Robert C. Brumder, stockholder.

Schlumberger Ltd. 3,000 common at \$321,000 - sale on June 12, 1974 through Lepercq, de Neuflyze & Co. Inc. - acquired in 1970 and earlier from several trusts. Marie de Menil, stockholder.

Schlumberger Ltd. 3,000 common at \$315,000 - sale on June 11, 1974 through Lepercq, de Neuflyze & Co. Inc. - acquired

See LETTER STOCK, page 13

144 Letter Stock

Continued from page 12

in 1970 and earlier from several trusts. Louis Adelaide de Menil, stockholder.

Shapell Industries Inc. 9,000 common at \$81,000 - sale on February 13, 1974 through (no given) - acquired on December 26, 1973 from Max Webb. Congregation Beth Israel.

Sonoco Products Co. 10,000 common at \$250,000 - sale on June 10, 1974 through Alex. Brown & Sons - acquired from the estate of O.W. Coker and others. C. W. Coker, officer and director.

Standard Brands Paint Co. 2,100 common at \$85,000 - sale on June 12, 1974 through Goldman, Sachs & Co. - acquired in June, 1966 from the company. Milton M. and Sylvia M. Golden, officer.

Storage Technology Corp. 23,000 common at \$276,000 - sale on May 31, 1974 through C. E. Unterberg Towbin Co. - acquired on September 24, 1970 from the company. William S. Paley & Co.

Teradyne Inc. 5,200 common at \$109,200 -

sale on June 13, 1974 through F. L. Putnam & Co. Inc. - acquired in October, 1968 from the company. Nicholas DeWolf, chairman of the board.

Thielke Corp. 5,000 common at \$80,000 - sale on June 13, 1974 through Advest Co. - acquired on August 11, 1967 from the company. Connecticut Bank and Trust Co. - as pledgee of securities in the name of James J. Morrone.

Thomas & Betts Corp. 2,000 common at \$89,000 - sale on June 17, 1974 through Hornblower & Weeks-Hemphill, Noyes - acquired in part in 1916 from the Standard Electric Fittings Co., in 1921-23 from the officers of the company, and the rest from various dividends, splits, etc. George C. Thomas Jr., director.

United States & Foreign Securities Corp. 7,842 common at \$136,255 sale on June 13, 1974 through Kalb, Voorhis & Co. - acquired from 1959 through 1974 from the open market and from dividends. Estate of Jeanie Dillon, member of affiliate group.

Market Letters Digest

Babson's Reports believes the recent consolidation move of the market gives a glimmer of hope to the feeling that stocks may perform better in the second half of the year. The firm recommends AT&T, General Foods, Standard Oil of California and Chase Manhattan as issues with relatively low price-earnings ratios for those investors with considerable reserves.

Whether the rally will prevail to the fall will depend to a considerable extent on the ability of money rates to continue downward. Even more important could be a slowing down of inflation by a curtailment of money supplies and perhaps also by government retrenchment.

However, if and when inflation wanes, it very likely will be reflected in less favorable corporate earnings this year. The firm believes that for the past year or so corporate profits in general have exaggerated true earning power by including substantial inventory profits. Although a drop in commodity and raw material prices may improve current operating earnings, such improvement may well be offset by inventory losses.

The firm feels the market will recover later this year, but may then be subject to the eroding effect of less favorable corporate earnings reports. Consequently, the writer remains cautious concerning committing substantial reserve funds to common stock purchases.

Blyth Eastman Dillon notes that it knows of no other time in U.S. financial history when so many money and capital market experts have been wrong so long in predicting a decline in short term interest rates. The firm looks for a decline in short-term rates, which would be swift, once we get through the "up-wobble" that appears just ahead of us.

Majority opinion based on their survey of seventy financial institutions indicated that short-term rates would be headed down within weeks. Given the large proportion of high priced certificates of deposit and time money in bank liabilities, and a low capital base, the firm believes that when rates do drop, money market

rates will fall much faster than the prime rate.

Tabell's Market Letter indicates that certain stock market patterns are going against current conventional wisdom.

Consumer spending was supposed to be bleak, yet stock patterns among retailing stocks point out distinctly improving price action. Hotel and motel stocks have also moved sideways and developed impressive base patterns. Selected building stocks are showing signs of basing — at a time when we are assured that high interest rates will strangle housing.

The firm says that while economic analysts seem to be indicating the imminence of the apocalypse, the market seems to be indicating just the opposite, that the second half of 1974 and the first half of 1975 will be characterized by "business as usual," with a concomitant increase in at least some corporate profits.

Drexel Burnham & Co. discusses the building materials industry and the drug industry in two separate reports.

Given anticipated relatively-modest profit declines in 1974, expected improvements in earning power in 1975-76, and basically inexpensive prices, the firm believes selected building stocks appear as attractive purchases. The writer feels these stocks will outperform general market averages over a six to 18 month period.

Particularly recommended in this category are: Jim Walter, Armstrong Cork, Owens-Corning Fiberglass and Lone Star Industries.

The firm also believes the worldwide pharmaceutical industry should continue to grow at a consistent rate of ten per cent. Drug firms, the writer feels, are in a position to prosper in an environment of unusually high inflation.

Also, contrary to those who see National Health Insurance as a threat to the industry, the firm sees government supported health insurance programs as a net benefit to sales and profits as health care is

See MARKET LETTERS, page 22



Charles Brophy

Guarding against financial temblors

Apparently, we are getting better and predicting natural earthquakes than we are sizing up the likelihood of financial earthquakes.

Writing in the May issue of Natural History magazine, Christopher H. Scholtz brings us up to date on the state of the art of forecasting natural earthquakes. He notes that "it is only within the last 10 years that our greatly expanded knowledge of the mechanism and cause of earthquakes has made earthquake prediction a reputable field for scientific research."

Using the theory of dilatancy, which concerns the behavior of rocks under pressure; tracking the ratios of the two types of seismic waves (pressure and shear); measuring the gradual uplift of the terrain; and monitoring random, which is released by the breakdown of radioactive minerals in rock, scientists have a clear shot at not only earthquake prediction, but also severity.

Interestingly enough, the more severe the earthquake is to be, the longer the warning period.

One of the main points Scholtz raises about all of this is — how do you tell people and when do you tell them? It is not a matter of idle speculation. Given the problem of a large city, the dimensions, both logistically and financially, are immense. Given a very large city, say Tokyo, and the dimensions become almost impossible.

The point of all this comes about as the result of conversations at a luncheon a few days ago given at the City Midway Club on Wall Street for one of the most respected and most knowledgeable financial editors in England who, at 70, is retiring to consulting on these shores and over there.

He thinks the United States is the biggest and best thing that ever happened to the world, and that we will overcome our problems as we have before. He thinks it remarkable that there is so little complaining here among politicians and citizenry over our very high interest rates, which is in sharp contrast to earlier days, but he reasons that Americans today realize that the only way to get to low interest rates is through high interest rates.

England's collapse

But, he is less than cheerful about England. Choosing his words carefully, he said, "You know, we are very near to anarchy," and he was frankly surprised at the general lack of close knowledge in the United States of the situation. He thinks the evolution of events in England is more important, either way, than, say, Italy, and wonders whether there will be an "earthquake in the Eurodollar market." He

McDonald's; Baker, Weeks' big beef

By R.L. KEARNS
Reuters

There really are very few sacred cows left on Wall Street, and McDonald's Corp. happens to be one of them.

Or at least, until last Wednesday, McDonald's was one of the golden ones — the sort of stock that still glistened, had

doesn't foresee one now, but he wonders.

Of course, in a financially-oriented reaction to the word "anarchy," one thinks immediately of the "law of contract." It isn't difficult to take it from there.

What with all of the sophisticated, computerized models of the economy, which can spin out changes in GNP for every dollar change in capital spending or in the tax take, the art of financial forecasting suddenly turns opaque when it looks into the possible future state of financial obligations. Forecasting completely falls down when it comes to assessing the variables affecting external obligations. However, we are continually being reminded about the safeguards built into our system.

Admittedly, there are safeguards and the stupendous, quick and accurate flow of financial and economic information is powerful instrument of control. Even so, the most forgotten financial fact in America is that the Federal Reserve was 16-years-old by the time 1929 rolled around on the calendar.

Flight into governments

On Wall Street today, the word among the wisest in the handling of their own personal funds is still "preservation of capital."

So, it is no coincidence that Treasury bills are at a substantial premium against all other short-term investment instruments, and even with the reverse yield curve of short-dated issues yielding more than long-dated ones.

Treasury bills are at a premium against long-dated high quality bonds. U. S. Government issues, and Government-guaranteed Agencies, are at premiums if for no other reason than that the Government can always pay its obligations when due, because it alone has the power to issue the currency to honor its debt.

Meanwhile, the second most forgotten financial fact in America is the ruling by Justice Samuel Putnam in 1830, in what is known as the Prudent Man Rule.

A great-great-grandfather of George Putnam, current trustee of the Putnam Fund in Boston, Justice Putnam in 1830 stated in his decision:

"All that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion. He is to observe how men of prudence, discretion and intelligence manage their own affairs' not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable income, as well as the probable safety of the capital to be invested."

held up and could give solace to a troubled portfolio manager as he reviewed his list of diminished holdings.

But in one fell swoop, McDonald's stock lost over 10 per cent of its value, closing on the New York Stock Exchange at 49, off 6 3/4 on 267,000 shares.

As a number of analysts see it, the
See BAKER, page 36

Insider Trading

Continued from page 10

Purchases-Part 1

Other transactions recently reported to the SEC, usually worth \$10,000 or more, include these:

Advanced Memory Systems, Inc. 10,000 common stock (\$10 par value) at \$4.50 private purchase on May 14, 1974. Orin L. Hoch, director and president.

A. J. Industries Inc. 1,000 common at \$1.50 - open market purchase on May 24, 1974. Walter B. Chaffee, director and chairman of the board.

Allegheny & Western Railway Co. 20 capital stock at \$60.00 - open market purchase on May 22, 1974. The Baltimore & Ohio Railroad Co., direct beneficial ownership of more than 10 per cent of the company's capital stock. 20 capital stock at \$60.00 - open market purchase on May 22, 1974. Chessie System, Inc., indirect beneficial ownership of more than 10 per cent of the company's capital stock.

American Financial Corp. 205,924 common stock at \$12.065 - open market purchase on May 7, 1974. William R. Martin, vice president and treasurer.

American Maize-Products Co. 45 class B common at \$6.125 - open market purchase on May 30, 1974; 22 class B common at \$6.125 open market purchase on May 30, 1974; 40 class B common at \$6.125 - open market purchase on May 30, 1974. 48 class B common at \$6.125 - open market purchase on May 30, 1974. 8 class B common at \$6.125 - open market purchase on May 30, 1974; 5 class B common at \$6.125 - open market purchase on May 30, 1974; and 32 class B common at \$6.125 - open market purchase on May 30, 1974. William Ziegler III, chairman of the board.

American Pioneer Corp. 8,000 common at from \$4.375 to \$4.625 open market purchases between May 9, 1974 and May 21, 1974 in seven separate transactions of between 200 and 3,000 shares. Craig E. Wall Jr., director.

Ameskeag Co. 300 common at \$30.50 - open market purchase on May 23, 1974. Dumaines.

Ampco-Pittsburgh Corp. 13,000 common stock (\$1 par value) - open market purchase at \$7.625 in six transactions of 100 shares on May 9; 100 shares on May 16; 200 shares on May 17; 400 shares on May 23; 100 shares on May 24; and 400 shares on May 28 respectively. 500 common stock at \$7.500 open market purchase on May 29, 1974. The Louis Berkman Company, beneficial owner of more than 10 per cent of the company's common stock. 13,000 common stock (\$1 par value) at \$7.625 - open market purchase in six separate transactions of 100 shares on May 9; 100 shares on May 16; 200 shares on May 17; 400 shares on May 23; 100 shares on May 24; and 400 shares on May 28, 1974; 500 shares common stock at \$7.500 - open market purchase on May 29, 1974. Louis Berkman, officer and director.

Anderson, Clayton & Co. 200 common at \$22.875 - open market purchase on May 31, 1974. Robert R. Bachman, vice president.

Anthony Industries Inc. 500 common at \$4.12-\$4.50 - open market purchase on May 21, 1974. Hugh Vincent Hunter, director.

Anthony Industries, Inc. 1,000 common stock (\$1 par value) at \$4.00 - open market purchase on May 22; 300 common stock at \$4.63 open market purchase on May 28, 1974; and 3,700 common stock - open market purchase on May 29, 1974. John C. Templeton, vice president.

Apache Corp. 2,000 shares common stock at \$11.375 - open market purchase on May 16, 1974. Hugh H. Harrison, director.

Art's Way Manufacturing Co., Inc. 500 common stock at \$9.500 open market purchase on May 10, 1974; 200 common stock at \$9.500 - open market purchase on May 21, 1974; 200 common stock at \$9.000 - open market purchase on May 28, 1974; 200 common stock at \$9.500 - open market purchase on May 28; and 600 common stock at \$9.250 - open market purchase on May 28, 1974. Herbert H. Davis, Jr., director.

Ashland Oil Inc. 2,000 common at \$20.375 - purchase on May 28, 1974. Orin E. Atkins, chairman and chief executive officer.

Atico Mortgage Investors 500 shares certificates of beneficial interest at \$11.066 - open market purchase on May 14, 1974; 600 shares certificates of beneficial interest at \$11.16 - open market purchase on May 13, 1974; 400 shares certificates of beneficial interest at \$11.14 open market purchase on May 10, 1974; and 1,000 shares certificates of beneficial interest at \$10.55 - open market purchase on May 29, 1974. E. Herrick Low, trustee.

Atlanta Gas Light Co. 100 common stock (\$5 par value) at \$13.625 purchase on May 7, 1974. Kyle H. Turner, vice president.

Avon Products Inc. 1,000 capital stock at from \$43.00 to \$48.50 purchases between May 17, and May 31, 1974 in 10 separate transactions of 100 shares. G. B. Henderson, director.

BaseOhio Corp. 136 common stock at \$21.25 purchase on May 3, 1974. John L. Burgoon, senior vice president and secretary and director.

Bancshares of North Carolina Inc. 250 6-per cent convertible debentures due 1994 at \$100.00 - purchases from initial issue on May 26, 1974. James Braswell, director.

Bangor Hydro-Electric Co. 400 common stock (\$5 par value) at \$12.75 - open market purchase on May 17, 1974; and 350 common stock at \$12.00 - open market purchase on May 23, 1974. Edward M. Graham, vice president.

Barber-Greene Co. 4,103 shares common stock at \$11 1/4 - open market purchase on May 15, 1974. Anthony Storm Greene, director and president.

Barnes-Hind Pharmaceuticals, Inc. 200 common stock at \$14.50 open market purchase on May 30, 1974. Hans H. Kasper, vice president.

Bates Manufacturing Co., Inc. 81,700 \$1 cumulative convertible preferred stock-series A; 56,200 at \$16.44 and 25,500 at \$18.00; 14,700 common at \$11.57; private purchases on May 21, 1974. Arcs Equities Corp., beneficial owner of more than ten per cent of common and preferred.

Bates Manufacturing Co. Inc. 1,700 \$1 cumulative convertible preferred stock-

series A at \$17.875 on May 3, 1974. Philip Seldon Sassowe, president and director, open market purchase.

Bates Manufacturing Co. Inc. 81,700 \$1 cumulative convertible preferred stock-series A; 56,200 at \$16.44 and 25,500 at \$18.00; 14,700 common at \$11.57; - private purchases on May 21, 1974. Federated Capital Management Associates Inc., beneficial owner of more than 10 per cent of common and preferred stock.

Bergen Brunswick Corp. 200 series one \$1.15 preferred at \$10.25 open market purchase on May 1, 1974. Rodney H. Brady, director and executive vice president.

Bergstrom Paper Co. 200 shares common stock at \$12.00 - open market purchase on May 2, 1974. W. Mead Stillman, director.

Bethlehem Steel Corp. 200 common at \$28.125 - open market purchase on May 30, 1974. Frederic W. West Jr.

Bethlehem Steel Corp. 500 common at \$29.75 - open market purchase on May 23, 1974. Charles W. Ganzel, senior vice president.

Billy the Kid Inc. 200 common at \$5.00 - open market purchase on May 10, 1974. John W. Schmidt, vice president. 1,000 common at \$5.00 - open market purchase on May 17, 1974. Thomas A. Pendergast, chairman of the board and beneficial owner of more than ten per cent common stock.

Bird & Son, Inc. 500 common stock at \$26 1/2 - open market purchase on May 1, 1974; 300 common stock at \$26 1/4 - open market purchase on May 3, 1974; 200 common stock at \$26 1/4 - open market purchase on May 6, 1974; 200 common stock at \$26.00 - open market purchase on May 9, 1974. 300 common stock at \$26.00 - open market purchase on May 10, 1974; 200 common stock at \$25 3/4 - open market purchase on May 13, 1974; 500 common stock at \$25 3/4 - open market purchase on May 14, 1974; 200 common stock at \$25 3/4 - open market purchase on May 15, 1974; 500 common stock at \$25 3/4 - open market purchase on May 17, 1974; and 600 common stock at \$26 1/4 - open market purchase on May 21, 1974. Weston Howland Jr., director.

Joel Blair of California 1,200 - common at \$2.50 - open market purchase on May 31, 1974. Louin C. Blau, director.

Blue Chip Stamps 25,000 common at \$7.50 - open market purchase on May 6, 1974. Warren E. Buffet, director, beneficial owner of more than ten per cent of common stock. 25,000 common at \$7.50 - open market purchase on May 6, 1974. Berkshire Hataway Inc., beneficial owner of more than ten per cent of common stock.

Braun Engineering Co. 900 common at \$19.00 - purchase on April 18, 1974. Yoshizo Shimano, director.

Burlington Northern Inc. 77M convertible debentures 5 1/2 per cent at \$81 1/2 on May 20, 1974. Norton Simon, director-resigned January 23, 1974.

Capital Holding Corp. 100 common stock at \$20.00 - open market purchase on May 28, 1974. Stephen T. Bow, Executive vice president.

Centennial Turf Club, Inc. 900 shares common stock at \$7.75 - open market purchase on May 24, 1974. Stanley F. Phillips, director.

Central Louisiana Electric Corp. 100 shares common stock at \$15.00 per share - open market purchase on May 20, 1974. Edward M. Simons, director.

Central National Chicago Corp. 2,000 common stock at \$16.88 - open market purchase on May 22, 1974; and 0.9 common

stock at \$17.67 - to round off fractional share on May 20, 1974. F. H. Prince & C. Inc., beneficial owner of more than 10 per cent of company's stock.

Central Telephone and Utilities Corp. 100 common at \$16.00 - open market purchase on May 20, 1974. Francis D. Holler, vice president.

Champion International Corp. 1,000 common stock \$15.75 - open market purchase on June 3, 1974. Herbert T. Randall, director.

Champion Parts Rebuilders Inc. 2,000 common at \$5.00 - purchase on May 2, 1974. John R. Gross, secretary and director.

The Cincinnati Gas & Electric Co. 100 shares common stock at \$18. per share - open market purchase on May 24, 1974; 100 shares common stock at \$17.1 per share - open market purchase on May 24, 1974; and 200 shares common stock at \$17.2 per share - open market purchase on May 29, 1974. William Harold Dickhoner, executive vice president and director.

Citizens Bancorporation 200 common at \$24.50 - open market purchase on June 24, 1974. David C. Beck, secretary-treasurer and director.

Clark Consolidated Industries Inc. 600 common at \$1.75 - open market purchases on May 16, 1974 in transactions of 400 and 200 shares. Robert W. Haskins, executive vice president, treasurer and director.

Clevepak Corp. 1,000 common at \$11.00 - open market purchase on May 31, 1974. William J. Green, director and officer.

Clogay Corp. 100 common stock (1.00 par value) at \$5.50 - open market purchase on May 2, 1974; 500 common stock at \$5.25 - open market purchase on May 3, 1974; 400 common stock at \$5.50 - open market purchase on May 13, 1974; 500 common stock at \$5.25 - open market purchase on May 16, 1974; 100 common stock at \$5.13 - open market purchase on May 16, 1974; 44 common stock at (\$1.00 par value) stock dividend on claim from broker on May 16, 1974; 200 common stock at \$5.17 - open market purchase on May 17, 1974; 200 common stock at \$5.00 - open market purchase on May 21, 1974; 12 common stock at (\$1.00 par value) stock dividend on claim from broker; and 200 common stock at \$5.00 - open market purchase on May 23, 1974. John D. Rauh, president and director.

Columbus and Southern Ohio Electric Co. 100 common shares at \$23.00 - open market purchase on May 1, 1974; 200 common shares at \$20.00 open market purchase on May 10, 1974; 200 common shares at \$18.25 - open market purchase on May 18, 1974; and 200 common shares at \$17.00 - open market purchase on May 29, 1974. John E. Walliday, director. 200 common shares at \$17.50 - open market purchase on May 23, 1974. Edward J. Coughlin, director. 100 common shares at \$19.50 - open market purchase on May 13, 1974. Evan E. Williams, vice president. 200 common shares at \$17.50 - open market purchase on May 24, 1974. Robert J. Gruesser, executive vice president.

Commercial Shearing Inc. 200 common at \$28.00 - open market purchase on May 2, 1974. William S. Pollock, director.

Cone Mills Corp. 1,600 common at from \$17.25 to \$18.00 - open market purchases from May 20 through May 23, 1974 in five separate transactions of from 100 to 500 shares. Moses H. Cone Memorial Hospital, secretary and director.

Consolidated Foods Corp. 1,000 common at \$19.00 - open market purchases in two transactions of 500 shares. William A.

See INSIDER, page 19

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:

Weekly:

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

Issue of June 22

Supplies improve

The shortages of raw materials have eased, so much so that production departments of many businesses are back to normal, a far cry from last December. Among the items loosening up are polyester, cotton, gas, coal, oil, cardboard cartons. Named: Dymo Industries, Boston Whaler, Inc., South Carolina Springs Mills, American Standard, Inc., B.F. Goodrich Co., Ford Motor Co., Marathon Mfg. Co., Kelly-Moore Paint Co., Hunt-Wesson Foods, Martin Marietta chemicals, Tull Industries, Ideal Cement.

[Business Week, p. 23]

Put a head on it

If you develop a too-powerful thirst this summer, don't count on quenching it with beer. Spot shortages of beer are reported across the country. Some kegs have gone dry. People are buying beer faster than the companies can produce it, plus the fact that some small brewers have gone flat. The biggest of them all Anheuser-Busch, has not been able to increase its distributors' inventories. Distributors see the possibility of beer allocations this summer. And you can almost count on a 6 to 7 per cent increase in the cost of your favorite brew before it's over. Named: Strohs, Rupper-Rheingold, Schaefer, Boston Distributing Co., Jos. Schlitz Brewing Co., Caris-Morgan, National Brands,

Inc., Schlitz Distributor Universal Brands, Inc., Dirigo Distributors, Inc., Theodore Hamm Co., Owens-Illinois.

[Business Week, p. 25]

Van buyers return

People who shied away from the recreational vehicle market just nine months ago in the energy crisis, are back, but there aren't enough vehicles to sell. The recreation vehicle business was wiped out overnight between November and February. Retail prices are up as much as 10 per cent, but the RV makers can't meet demand because of shortages of almost everything. Named: Open Road Industries, Winnebago Industries, Inc., Traveland U.S.A., Apollo Motor Homes, Inc., Rectrans, Inc., White Motor Corp.

[Business Week, p. 25]

A new auto scene

Look for a proliferation of compacts and subcompact cars as the 1975 models are introduced this fall. General Motors will have three new, sporty little cars built on the range of the Vega and probably sell around that of Ford's Mustang II, for over \$3000. GM will go to 40 per cent small cars, while others will have at least 60 per cent. Named: Chrysler, American Motors.

[Business Week, p. 26]

Peace among steels

It appears that the steelworkers will come to a strike-free settlement with 10 major companies, with only a few issues unresolved at a few of the steel plants. Named: Youngstown Sheet & Tube Co., Wheeling-Pittsburgh Steel Corp., U.S. Steel Corp.

[Business Week, p. 28]

Taxes up aluminum prices

Imposition of increased taxes on bauxite by the Jamaican government from \$25-million to \$200-million, will result in a hike in aluminum products prices in the U.S. this year. Forty per cent of the aluminum made in this country comes from alumina and bauxite emanating from Jamaica. Bpt aluminum leaders are looking to the possibility of all future expansion in the U.S. Jamaica may have priced itself out of the market. Named: Aluminum Co. of America, Reynolds Metals, Kaiser Aluminum.

[Business Week, p. 29]

Promises, promises!

When Senator Thomas J. McIntyre, New Hampshire democrat, heard of the proposed acquisition of Marcor, Inc., packaging and retailing company, by Mobil Oil Corp., which eventually could cost Mobil \$400 million, he wondered — "Whatever happen to Big Oil's promise to use its profits to help us meet our energy needs?" The FTC and Justice Dept. are looking into it for possible violation of the Clayton Act. Also named: Montgomery Ward.

[Business Week, p. 36]

Bunch of trouble

A cartel of seven Central and South American countries and three big U.S. fruit companies are at war. The cartel, attempting to offset their oil import costs, are trying to jack up banana export prices. Fighting the increase are Standard Fruit of Castle & Cooke, Inc.; United Brands Co., Del Monte Corp.

[Business Week, p. 42]

Iran's \$\$ problems

Not only do the Iranians wonder how much money they are amassing from their newly-found oil riches, but they are trying to figure ways to spend it. Iran hopes to become a super power, and will get a lot of help from American companies along the way, as it recycles its oil money into programs to get into high gear along the road toward its goal. Named: Ashland Oil Co., National Iranian Oil Co., First National City Bank, Iranians Bank in Tehran, Melli Development & Services Co., Shell Oil, Cities Service, Dow Chemical, B. F. Goodrich, E. I. duPont de Nemours & Co., International Systems & Controls, National Iranian Gas Co., Chicago Bridge & Iron Co., Transco Energy Co., Anaconda Co., Westinghouse Electric Corp., C. Brewer & Co. Ltd., Foremost-McKesson, Inc., World Airways, Inc., General Motors, Gould, Inc., Northrop Corp., Hughes Aircraft Co., Iranian Air-craft Industries, Inc., Deere & Co.

[Business Week, p. 44]

Information, please!

The day of the free call to obtain a telephone number is on the way out. Cincinnati Bell, Inc., has been charging 20 cents for each "directory assistance" call for the past three months. Already, New York and Wisconsin Telephone Companies are preparing to follow suit. Others are expected to do likewise.

[Business Week, p. 57]

Rand keeps pushing

Ingersoll-Rand's Chairman William L. Wearly simply hates not being number one. Although he expects an occasional flop, he keeps pushing for development of new products. Being number one is a preoccupation. The aim now is to maintain or exceed the current rate of real growth of 6 to 7 per cent in U.S. sales per year and 12 to 15 per cent overseas. I-R is experiencing an order bonanza that is pouring in from the four corners of the world. Other capital goods companies are enjoying a similar boom. Named: Ex-Cell-O Corp., Consolidated Edison, Gardner-Denver, Timken, Chicago Pneumatic, Cooper Industries, Dresser Industries, Falk Corp., Exxon Corp., Sybron Corp., Joy Mfg. Co., Lee-Nourse Co., W. R. Grace & Co., Sullair Corp., RayGo, Inc., Torrington Co., Schlage Lock Co., Millers Falls Co., Black & Decker Mfg. Co.

[Business Week, p. 72]

Banks slug it out

A battle for supremacy is on between Oregon's U. S. National Bank and First National Bank of Oregon. Some banking innovations are bound to be put to the test. They divide almost equally the state's \$6-billion in banking deposits. Named: Western Bancorporation, U.S. Bancorp.

[Business Week, p. 80]

Contrary thinking

Samuel Braude of Manson & Manson, a New York OTC firm, likes to step in early to buy stocks of overlooked companies, and out early when things look good. "When people come back to the market, they'll go into listed stocks first. But percentagewise, the potential is much greater in counter stocks," he says. He gives his "strangest buy list in town," naming 22 stocks he likes.

[Business Week, p. 86]

Continued on the next page

Digest briefs

Continued from previous page

Credit card detectives

There's a new generation of sleuths on the American scene — sophisticated terminals that check credit cards and do other things. It's done by computer and its value is being debated by people in the industry. Named: **Data Source Corp., Hercules, Inc., BankAmericard, Master Charge, TRW, Inc., Playboy Clubs, Chase Manhattan, Manufacturers Hanover Trust, Chemical Bank, NCR Corp., Addressograph-Multigraph Corp., American Express, National Data Corp., Atlantic Richfield Co.**

[Business Week, p. 102]

If, you can't beat 'em

What has been a pain in the neck for years to merchants, interviews of shoppers in their stores by outside firms, is going to be turned into a painless profit for **Food Fair Stores, Inc.**, of Philadelphia, a \$2 billion supermarket and discount chain. It will offer all 557 of its stores as product test laboratories. Named: **Campbell Soup, Procter & Gamble, Bissell, R. J. Reynolds.**

[Business Week, p. 104]

Barron's

Issue of June 24

Another U.S. agency

The new Federal Financing Bank will make its appearance this summer, perhaps in time will rival the Treasury as a borrower in the public markets. Its objective is to finance the operations of some 20 government agencies more cheaply. FFB is expected to seek some \$20 billion in its first year. The first issue is due in July, for \$500 million, with the minimum denomination likely to be \$1000.

[Barron's, p. 3]

Likes Street's looks

Here's a switch: Chairman Ray Garrett, Jr., of the Securities and Exchange Commission, is bullish on Wall Street. He says that if the market doesn't take a turn for the better, however more brokerage firms will go under. He thinks a central market will help to bring back the small investor. More help may come from legislation that may ease the bite on the capital gains tax.

[Barron's, p. 5]

The Favorite Fifty

It's been a game of musical chairs among the institutions, as they fiddle with their portfolios. In the January-March period, seven stocks dropped out of the **Vickers Favorite Fifty** list and were replaced by seven others that used to be in the lineup. But no new faces appeared. Three months after they dropped out, three reappeared in the Vickers. They are **Monsanto, Sears, Roebuck, and Union Carbide.**

[Barron's, p. 9]

Bond yields widen

Investors have directed their funds into industrials and away from the utilities, after the Con Edison omission of its dividend, and it has resulted in unusually wide spreads of yields between various bonds. The traders are going for the better quality issues. Named: **Alabama Power, International Harvester, Central Power & Light, F. W. Woolworth.**

[Barron's, p. 18]

Pullman no sleeper

Another earnings record is in store this year

for **Pullman, Inc.**, as it powers along on tracks that also carry a heavy backlog of orders. Pullman doubled its net last year, and got off to a roaring start this year with a 57 per cent increase in first quarter earnings to \$9.9 million, or \$1.36 a share.

[Barron's, p. 27]

Steel demand helps

Pittston Co., is in a good position for profitability because it has some 1.2 billion tons of metallurgical coal in reserve. That kind of fuel is used by the steel industry, and demand is high. Coal operations were 63 per cent of Pittston's earnings of \$1.47 a share in 1973. First quarter earnings went to 84 cents from 43 cents a year earlier. And this is expected to be doubled in the second quarter. Three other Pittston divisions were also profitable.

[Barron's, p. 28]

Newspaper has good news

For **Booth Newspapers, Inc.**, efficiency is a key ingredient for more profit, which rose to 46 cents, or 21 per cent per share in the March quarter. And in the June quarter, the company is likely to post earnings of 60 cents a share. It may clear \$1.60 a share for the year, compared to \$2.26 last year. Booth has eight newspapers in a strong Michigan market; a television station acquired for \$5 million in 1971. Booth also owns **Parade**, a weekly insert sold to Sunday newspapers; contract printing. The company realized important savings by switching to computerized photocomposition.

[Barron's, p. 30]

Naked mini earnings up

For **Computer Automation, Inc.**, of California, a stripped-down minicomputer proved to be a big hit for the seven-year-old company. The naked mini is sold mostly to makers of original equipment. Hence, CA will come in with its third straight peak year of earnings, which may be \$1.15 a share for all of 1974 vs. 63 cents a share in 1973. Helping the mini are sales of complete testing systems.

[Barron's, p. 31]

The Economist

Issue of June 22

Market disaster coming?

Some acute watchers of Wall Street think there is at least a 25 per cent chance that the market will reach disaster level around 500. But some chartists believe that the market will start a long climb upwards if the market stays around 800 for the next few months. Named: **Woolworth, Timings-Weisenberger Services.**

[The Economist, p. 70]

Easy on the gold

Stockbrokers who have read the gold share market well are counseling caution. There is a possibility that soon the International Monetary Fund will have the power to sell gold, which will depress the price. But gold buyers still like gold, having seen their money multiply, while investors in stolid British industrial companies have lost plenty. And gold enthusiasts think the Americans will soon be allowed to hold gold and will buy it as the only safe haven from inflation, which they think will continue. Named: **President Brand, Randfontein, Phillips & Drew.**

[The Economist, p. 70]

Spanish autos

The attitude of the Spanish government about the bid of **General Motors** for **British Leyland's** Spanish subsidiary, **Authi** is unknown even after a visit of top GM brass to Spain. It is believed the Spaniards are worried about too many cars in their midst, but a way around it might be for GM to make luxury cars. The only other luxury car in the country is the Chrysler Dodge. The GM bid would help British Leyland's cash position. Car sales are way off, and the U.S. is a hopeful area for sales, but

exports there are down 34 per cent so far this year, but Detroit will soon be producing more cars than there is a demand for.

[The Economist, p. 72]

Whoa, Wells Fargo

Wells Fargo announced that it will slow its growth to a mere 10 per cent a year for the next six years. Growth in 1973 saw total deposits of \$8.9 billion, with half its Eurodollars recycled back through other banks. Wells plans to slow its volume growth while spurring its profitability to new heights.

[The Economist, p. 73]

Financial Post

Issue of June 22

Retailing tremors

Old-line retailers operating on frozen philosophies are changing their ways with some adventurous new trends. They may seem to be gambling with success, as retailing is a healthy level, but some of the innovators may shake up some of the old "rocks of Gibraltar." An example: Canada's largest retailer, **T. Eaton Co.**, has linked up with U.S. retailer **J. C. Penney Co.** Also named: **Simpsons Ltd., Simpsons-Sears Ltd., GSW Ltd., Hudson's Bay Co., MacLean-Hunter Ltd., Sears, Roebuck & Co., Horizon Stores, Zeller's Ltd., W. T. Grant Co., Woodward Stores Ltd., Oshawa Group, Steinberg's Loblaw's Ltd., Tankoos-Yarmon, Cadillac Fairview Corp.**

[Financial Post, p. 1]

Oil search surprising

The decision of **Shell Canada Ltd.** to join in the hunt for oil in Hudson Bay, has come as a surprise. Nevertheless, the company has made a substantial commitment to join others in the exploration program. Named: **Atlantic Richfield Canada Ltd., Elf Oil Exploration and Production Canada Ltd., Aquitaine Co. of Canada, Petro fina Canada Ltd., Sogepet Ltd., Geophysical Service Inc.**

[Financial Post, p. 2]

Leaded gas scarce

There'll be a repeat of last fall's gasoline shortage, this time of a different kind. The 1975 model cars will require lead-free gas, and there will be scramble on for it in the U.S. and Canada until its supplies become more universally available. Pollution control devices will use only lead-free gas. U.S. stations are supposed to sell it by July 1. But Canada isn't going to require such controls, so the only reason for lead-free gas here is to accommodate American visitors. But some manufacturers, notably GM, decided otherwise, so Canadian cars will also have catalytic converters. Named: **General Motors of Canada Ltd., American Motors [Canada] Ltd., Sunoco, Gulf, Imperial Oil, Ford Motor Co. of Canada, Chrysler of Canada Ltd.**

[Financial Post, p. 5]

A head for beer company

Of the big three in the Canadian beer market, **John Labatt Ltd.**, came in on target with earnings of \$2.15 a share. **Molson Cos.** was somewhat disappointing with \$1.60 a share. And **Carling O'Keefe Ltd.** continues to ail. Also named: **Nesbitt, Thomson & Co., Bell, Gouinlock & Co.**

[Financial Post, p. 21]

Time

Issue of July 1

Oils' unheralded plans

Efforts of the big oil companies to diversify into other fields have been received with other than enthusiastic acceptance, especially among Congressional critics. **Gulf Oil** tried and failed to buy CNA insurance, and even the Ringling Bros. circus. Now, **Mobil Oil**, plans to make a tender offer for 51 per cent of the stock of

Continued on the next page

Digest briefs

Continued from previous page

Marcor, Inc., parent company of **Montgomery Ward**, the retail chain, and **Container Corp.**, packaging company. Mobil owns 4.5 per cent of Marcor stock, the rest would cost \$350 million. Government agencies are looking into it.

[Time, p. 49]

Government bases for sale

Some 1500 corporations around the world have been sent a slick brochure from the State of Massachusetts, a real estate promotion hard-sell in an effort to get things going in federal facilities the government closed at the expense of the state's economy and citizens. The government has closed 13 bases in the U.S. since April of 1973. New England was hardest hit economically, with some 35,000 jobs wiped out by the closing of Newport Naval Station and Quonset Point Naval Air Complex; and in Massachusetts, the Boston Naval Shipyard at Charlestown, and Otis Air Force Base on Cape Cod. Named: **General Dynamics, New England Electric System.**

[Time, p. 51]

A GM hustler

Robert D. Lund, head of the Cadillac Division of **General Motors**, did something extraordinarily innovative in the recent energy crisis (he prefers "situation"). He ran a sales contest for Cadillac dealers, awarded trips to Hawaii; advertised Caddie gas mileage, came out with some jazzy new colors. Result: sales climbed to 26,034 from a low of 11,581. Watch out upstairs. Lund's on the way to headquarters.

[Time, p. 53]

U.S. News & World Report

Issue of July 1

Heavy loan demand

The banks are finding it difficult to sate the hunger of businessmen for short-term loans. The reasons for the demand include a long-term money scarcity, price hikes that have boosted everything upward. For instance, raw materials costs continuing to rise caused **E. I. duPont**, the chemical giant, to draw down \$100 million in short-term bank loans, the first time in a half century. Corporate borrowers are going for loans now, expecting prices to be even higher later.

[USN&WR, p. 51]

Housing starts stop

The hope for recovery this year of the private housing industry is all but out the window, as starts of new homes in May dived down to a seasonally adjusted annual rate of 1.45 million, lowest for the year.

[USN&WR, p. 51]

Utility expansion cut

Utility companies have taken another hard look at their plans to expand and in many cases decided to hold their ground, since there is little relief in sight through increased rates, and bond interest costs would burden them for years to come. Named: **Detroit Edison, Virginia Electric & Power, Boston Edison.**

[USN&WR, p. 51]

World crisis ahead

Bankers, economists and government officials think that the next year to 18 months will decide whether the world plunges into the

gravest economic and financial crisis since the 1930s. The fight against inflation has already reached the crucial stage, and forceful and durable action is needed by the key countries. A state of urgency now exists. Global inflation is a bronc that's got to be broken: tight reins on economic growth and credit are needed at least through 1975. Ahead: austerity, unemployment, less government and consumer spending, lower living standards.

[USN&WR, p. 60]

Newsweek

Issue of July 1

The mysterious paper clip

Ever wonder what happens to paper clips? Shouldn't there be billions upon billions of them, lying around everywhere, unused. Aren't they available for reuse? Apparently not! In fact, the lowly paper clip has joined the list of worldwide shortages. Plastic ones won't fill the bill. People are even willing to pay for in advance for a year's supply at a time. But no luck. The steel companies have gone into other things more profitable than the low-grade steel wire they use for clips. Named: **Acco International, Inc.**, of Chicago.

[Newsweek, p. 53]

Publishing troubles

Some 200 employees went on strike at **Harper & Row**, one of the nation's best-known publishing houses. It may be the precursor to organizing the industry by labor. Pickets set up at New York headquarters and at bookstores in the city. The company threatened to hire replacements in the city if its business is threatened.

[Newsweek, p. 59]

Digest major stories

Barron's

The jeaning of America

If the nation has a uniform, it's blue jeans. Such material has become so much a part of the national culture, first among the young, now at every level of society, that the jeaning of America will have no end, probably the only real constant in an ever-changing world of fashion.

Americans bought more than 300 million pairs of blue jeans last year at a cost of \$2.5 billion at the retail counters of the country. And the U.S. jeans makers sent a billion worth overseas. With its many accessories thrown in, the market is at \$4 billion a year. Denim makers turn out about 450 million yards a year at \$1.16 a yard, and are operating at capacity.

Eighty per cent of the fabric is produced by the Denim Council's **Canton Textile Mills, Inc.**, **Cone Mills Corp.**, **Erwin-Mooresville Div.**, **Burlington Industries, Inc.**, **Grantville Co.**, **McCampbell Sales Div.**, **J.P. Stevens & Co.**, and **Swift Textiles Co.** affiliate of **DH Industries, Inc.** Also among the suppliers are **Dan River Inc.**, **Riegel Textile Corp.**, **West Point-Pepperell Inc.** They provide the material used by 60 domestic jeans makers.

Leading the field of makers is **Levi Strauss & Co.**, followed by **Blue Bell Inc.**, **VF Corp.**, **Billy The Kid Inc.**, **Farah Manufacturing Co.**, **Garan Inc.**, **Genesco Inc.**, **Noel Industries Inc.**, **Salant Corp.**, **Henry I. Siegel Co.**

For many reasons, 1973 was not a vintage year for the jeansmakers. Earnings plummeted from a record \$2.30 a share to \$1.09 for Levi Strauss, due to writedowns of merchandise for European markets. An overhaul there holds better promise. Dramatic improvement in the first half of this year was shown by Levi Strauss

The **Commercial and Financial Chronicle** 17 with \$1.30 a share net compared to \$1.10 a year earlier. The recovery may show \$2.25 a share earnings for the full year.

Blue Bell did better. It had \$2.51 a share for fiscal 1973' the same as '72. Price controls hurt. The only company that got out of it without a down-year situation in '73 was **VF**, which had an earnings increase of 16 per cent to \$2.07 a share.

Apparel makers have been selling fewer suits, and jeans makers are selling more jeans. It's reflected by a more relaxed life style and informality. And now that cotton price quotes are down sharply, prospects for increased profitability are greatly enhanced. Casual clothing, especially jeans, is an established fact in America. The trend is likely to continue.

[Barron's, 6-24, p. 11]

Business Week

Bank stocks avoided

Once upon a time, it was said that the bank stocks would turn in a better performance than almost anything else. Someone forgot to tell this to the investors, who have given bank stocks the cold shoulder.

Certainly, the close call of **Franklin National Bank** had much to do with it, as did superheated growth rates of big, regional banks that were well loved by investors only a short while ago. Bank shares got down to a two and a half year low last month, and there has been a modest recovery since then. Even so, multiples that were lofty last fall are no longer up there. Take **Citicorp**: its multiple came down to 18 from 25; **North Carolina National Bank** from 27 to 16. Or **First International Bancshares**, down to 16 from 23.

On the surface, things look good for the banks. After all, they have been able to raise their lending rates as their own costs of borrowing went up, and their lending should be up by 15 to 17 per cent in 1974.

But the problem seems to involve too much growth too fast for the appetites of some investors and analysts. The latter don't like the idea of the banks expanding too swiftly into non-bank areas, too much involvement in international activities, and a too-far stretch of capital.

These are the favorites at the moment of the analysts: **American Fletcher, Chase Manhattan, Citicorp., Cleveland Trust, Continental Illinois, First Chicago, Manufacturers Hanover, Maryland National, Northwest Bancorporation, South Carolina National.**

If the prime interest rate drops as some think it will to 8 per cent by year's-end, bank stocks will improve.

One of their problems will be to keep capital ratios at a level they can handle. It is suggested that they could do this if they would slow their asset growth which would have little effect on profit growth.

[Business Week, 6-22, p. 85]

The Economist

Unmistakable oil signs

Saudi Arabia will probably continue to push for more oil at lower prices, despite the outcome of the meeting over the weekend in Quito, Ecuador, of the Petroleum Exporting Countries (Opec), to raise prices by 10 to 12 cents a barrel. The Saudis wouldn't go along with that and said so publicly. It gives strength to the previously announced Saudi intent to cut prices. The Saudis are the largest Opec oil producers.

The Mideast peace talks come into the picture, for the Saudis will limit production to 8.5 million barrels of oil a day until the Israelis agree to meet all Arab demands. Their productive capacity now is 11m barrels, and only another 2.5m barrels is all that is needed to

Continued on the next page

Digest major stories

Continued from previous page

break prices. The Saudis are liable to raise production gradually if the negotiations go well, but if not, they may hold the current level or cut back as they did when the fighting started last October.

While the Saudis could strain unity among the Opec members by increased production, some observers say production is already on the increase, and that the daily output is close to 9 million barrels. They also appear to be offering oil for less than the Opec prices as part of their participation agreement with the Arabian American Oil Company [Aramco].

Conditions are leading to the possibility of a glut of oil among the Opec members: consumer stocks are rebuilding as demand in the U.S. and Europe is below that expected for 1974 due mainly to conservation but more likely from high prices.

Another important development is the takeover of Aramco by the Saudis to the extent of 60 per cent. They are expected to increase their ownership sooner than expected to 100 per cent, which would eliminate equity oil to which posted prices refer. If the Saudis nationalize Aramco they could then fine-tune prices of all kinds of oil at a market price, decisions for which would no longer be in Opec's hands.

The Saudis are expected to recycle their oil funds through U.S. investments and imports of goods and services. And the Saudis, looking at the depressed American stock market, detect bargains. They are interested in investing for the long term. Some Americans, especially Jews, might not like this.

There is a theory around that the Arabs raised the shipment of oil in December because they feared a military coup if the oil-consuming nations were provoked too far. This is the explanation for the profusion of tankers afloat at the time, and which led to the belief by some that the oil companies had created the shortage to hike up prices. At any rate, the remarkable number of sailing tankers filled the tanks of the major oil refineries to overflowing.

[The Economist, 6-22, p. 55]

Forbes

Airline dog fight

A high-flying race back to profitability is the aim of American Airlines' Chairman and President Albert V. Casey, who took over American last March during the energy crisis.

Last year American lost a record \$48 million, while its principal competitor, United Airlines, was soaring far ahead with its best year in history.

Casey is going to get everything he can into the sky for the summer, and betting that by Sept. 15, American will be back in the black. Hundreds of stewardesses and pilots have been recalled to duty.

One thing that was done at American was the wipeout of the market research department, which had made a big mistake in using the figures of the sixties to determine what lay ahead for the seventies. They figured, based on growth patterns then of 12 to 13 per cent a year, that big growth in leisure air travel was permanent. It wasn't.

One of its big past problems was the opening of a new route — to Hawaii. It flopped as it attempted to compete with well-established Pan American and Qantas. So American had plenty of big airplanes on hand and no where to fly them.

Casey is introducing some innovative

measures, including short-haul flights at discount rates and is buying 14 new Boeing 727s to do the job. He'll trade in two white elephant 747s and selling another to the National Aeronautics & Space Administration for \$16 million.

American has some good things going for it, including a huge cash flow in a strong financial position. They even paid off \$70 million in long term debt in the first quarter, even though losing money at the same time. The summer traffic flux is the secret for American.

On the other hand, United won't come right out and say that it is number one, but it's mighty close. It may earn \$3.25 a share this year. American can only hope to break even, if that. Casey would like to believe that love and devotion will make American a "barn burner in 1974."

[Forbes, 7-1, p. 19]

'Mules' are back

What the hard-working mule was to the army, "flying trucks" are to the Alaska oil rush. They are operated by Alaska International Industries in the form of eight 47,000-pound-carrying Lockheed Hercules planes.

Alaska, headed by a 38-year-old former bush pilot, took a nose dive and went broke during the Alaska boom bust four years ago, but last year Neil G. Gergt aimed its nose up and got it into a steep climb to revenues of \$14 million. It has grossed \$16 million in the first half of this year and will probably come in with \$35 million for the whole year. Earnings of \$2.10 are seen for 74, as opposed to 34 cents a share in 1973. Already in the first quarter it earned 41 cents a share.

Alaska International backs up its aircraft with a fleet of trucks, which have been employed for 750 trips by Alyeska, the oil pipeline consortium overseeing construction of the line.

There is much more business for it now besides the pipeline, for drilling activity and exploration are on in full swing. The planes and trucks combine to move cargo anywhere it's wanted in Alaska.

Says Jeffrey Atkin of Piper, Jaffrey and Hopwood, a Seattle securities firm, "It's a matter of how much business they can handle, not how much they can get." And it seems to have the protection against competition from outsiders through the Alaska Transportation Commission, which doesn't bow to outsiders.

When AI went public, it had a 9-to-1 debt-equity ratio, but it is thought now to have as bright a future as its past was dismal.

Bergt got the fleet down to working shape, from 40 various types that required monthly lease payments, to the 14 'mules' they now operate. Stock trading started at \$3.50 a share, is now at \$11. AI did some international hauling, but is committed to the Alaskan economy and business is super. Ahead: growth and profit.

[Forbes, 7-1, p. 21]

Newsweek

Discounters fall

Tight money and over-expansion have sent many discount stores that grew over the past 30 years to a \$36-billion-a-year retailing giant, foundering on the rocks of bankruptcy. At least a dozen have gone that route in the last two years, including Arlan's, Unishops, Interstate Stores [Topps, White Front] and Federal.

They were joined last week by McCrory Corp., which closed two unprofitable S. Klein department stores and took a \$3.5 million write-off against profits to cover it. Klein lost \$9.6 million last year, and is trying to sell six other stores.

Joining the unhappy parade: Allied Stores, closing six units of its Almart-J.B. Hunter discount chain. Also Grand Union Co., which placed \$9 million in reserve to cover losses from the closing of 23 Grand Way discount stores. At W. T. Grant, it was said that financial troubles were afoot, but the chain denied it.

The industry, described as "the weak-sister

industry" by Wall Street's Drexel Burnham & Co., has been in over its head for some time, despite protestations that its current troubles are caused by inflation and tight money. They original idea was good, but they soon were taking business away from each other while high-priced competition rolled merrily along. They expanded to fast and got into some operations where they didn't belong such as catalogue and specialty stores.

Profit margins began to fall, credit tightened up, among them Mammoth Mart of West Bridgewater, Mass., which filed for bankruptcy and tried to make a plan to pay its debts.

It all may work to the advantage of such as bigger, better-managed Kresge and its K marts, with a larger market share in the offing.

[Newsweek, 7-1, p. 53]

U.S. News & World Report

Amtrak on right track

That bright future for Amtrak, the National Railroad Passenger Corporation, may come sooner than expected. The need of America for a return to what once was an important part of national life, may be realized in good style and in good season after all.

The total bill for getting America's passenger railroad facilities back on the track after three decades of decay, is \$759 million, with \$100 million alone targeted for improvement of tracks and roadbeds over the next two years. In addition, locomotives and new cars are on order by the hundreds from makers here and overseas. And they are going to do something about how they look, with futuristic designs being incorporated in plans for the comfort and well-being of passengers.

The way back has been slow, and it will continue that way, but rejuvenation is on in earnest. Already some \$70.7 million have been spent on major overhauls and redecoration of passenger cars; 100 new 3000-hp. diesel locomotives have been placed in service. Another 75 will be added by fall. Twenty-six electric locomotives will arrive later this year.

All along the Amtrak routes, shabby real estate is being upgraded, with new stations being built and paint going on others that haven't been painted in many years.

They'll use the latest in computer-aided systems to help them along the way, including a nationwide reservations system, which is now serving most of the country via toll-free telephone calls.

The first two years of the comeback were tough, to say the least, mostly on the passengers, or what there were of them. But it was a break-in time, according to Robert C. Moot, financial vice president, for the creation of a \$300 million corporation started virtually from ground zero, "and it needed a good shakedown period." It got it.

A big, unexpected help to move it along the way was the energy crisis last winter, when passengers flocked to Amtrak, sending passenger traffic up 28 per cent more than it was a year earlier. In February it rose by 53 per cent, and in March, 45 per cent. In the total package Amtrak presented to Congress was a need for 892 new cars to be bought over a five-year period. Of these, 257 coaches will have many ideas borrowed from airlines, which will allow a 40 per cent increase in the seating capacity. There will also be bilevel cars and the dilapidation of the past will be no more.

It is admitted by nearly everyone involved, including Congress, Amtrak, the Department of Transportation, and other railroads, many of which are in the throes of bankruptcy, that the emergence of Amtrak will not be an overnight or a next week thing. But at least within the decade there will be a well-extended national system that serves a lot more passengers than it does now, with "a substantial amount of new equipment of many types, better stations, better ticketing and better attitudes."

[USN&WR, 7-1, p. 43]

Insider Trading

Continued from page 14

Buzick Jr., chairman of the board and director.

Continental Telephone Corp. 100 common at \$13.875 open market purchase on May 1, 1974. James V. Napier, executive vice president.

Conwood Corp. 100 common stock at \$25¼ - open market purchase on April 30, 1974; 100 common stock at \$25¼ - open market purchase on May 1, 1974; 100 common stock at \$25¼ - open market purchase on May 2, 1974; 100 common stock at \$25½ - open market purchase on May 2, 1974; 100 common stock at \$25½ - open market purchase on May 3, 1974; 500 common stock at - open market purchase on May 3, 1974; 200 common stock at \$25¼ - open market purchase on May 6, 1974. and 83 common stock at \$25½ - open market purchase on May 7, 1974. Morgan Guaranty Trust Company of New York as trustee of the Conwood Corp. employees thrift plan trust, beneficial owners of more than 10 per cent of company's common stock.

Credithrift Financial Corp. 3,000 common stock at \$5.50 - open market purchase on May 15, 1974. Wendel L. Dixon, chairman.

Crocker National Corp. 1,000 shares at \$22.375 - open market purchase on April 26, 1974 through May 3, 1974; and 1,000 shares common stock at \$21.375 on May 3, 1974 through May 10, 1974. Joseph A. Moore Jr., director.

Crocker National Corp. 200 common at \$18.875 - open market purchases in two transactions of 100 shares each. Richard G. Landis, director.

Dain, Kalman & Quail, Inc. 1,000 common stock at \$5½ - open market purchase on May 1, 1974. Douglas R. Coleman Jr., senior vice president and director. 200 common stock at \$5¼ - open market purchase on May 3, 1974. William C. Hough, vice president.

Day Mines, Inc. 400 shares common stock (\$.10 par value) at \$7.00 per share - open market purchase on June 1, 1974. Neal R. Fosseen, director.

Dayton & Michigan Railroad Co. 173 common stock at \$21.00 - open market purchase on May 10, 1974; 20 preferred stock at \$41.00 - open market purchase on May 10, 1974; and 84 preferred stock at \$42.00 - open market purchase on May 24, 1974. The Chesapeake and Ohio Railway Co., indirect beneficial ownership of more than 10 per cent of the company's common and preferred stocks. 173 common stock at \$21.00 - open market purchase on May 10, 1974; 20 preferred stock at \$41.00 - open market purchase on May 10, 1974; and 84 preferred stock at \$42.00 - open market purchase on May 24, 1974. Chessie System, Inc., indirect beneficial ownership of more than 10 per cent of the Company's common and preferred stocks. 173 common stock at \$21.00 - open market purchase on May 10, 1974; 20 preferred stock at \$41.00 - open market purchase on May 10, 1974; and 84 preferred stock at \$42.00 - open market purchase on May 24, 1974. The Baltimore and Ohio Railroad Co., direct beneficial ownership of more than 10 per cent of the company's common and preferred stocks.

Dean Witter Organization Inc. 2,000 common stock at \$5.00 - open market purchase on May 23, 1974. Robert E. Sinton, executive vice president and director of

Dean Witter and Co. Inc., a subsidiary of Dean Witter Organization Inc.

Del Monte Corp. 100 capital stock at \$19.875 - open market purchase on May 20, 1974. Richard G. Landis, director and president.

Deltec International Ltd. (Incorporated in England) 4,900 ordinary shares at \$6.375 - open market purchase on May 6, 1974; and 300 ordinary shares at \$5.125 - open market purchase on May 22, 1974. Deltec Panamerica S. A., beneficial owner of more than 10 per cent of the company's shares.

Despatch Industries, Inc. 200 common shares at \$7.75 - open market purchase on May 31, 1974. Michael C. Wang, director and officer.

Dibrell Brothers, Inc. 200 common capital stock at \$24.50 - private purchase on May 6, 1974. W. G. Barker, Jr., vice president.

Donaldson, Lufkin & Jenrette, Inc. 300 common stock at \$3.875 - open market purchase on May 28, 1974; and 100 common stock at \$3.875 - open market purchase on May 29, 1974. Gerald R. Gallagher, vice president thru April 23, 1974.

Duke Power Co. 500 shares common stock without nominal or par value at \$14.00 - open market purchase on May 17, 1974. Marshall I. Pickens, director.

A. G. Edwards & Sons Inc. 400 common at \$4.75 - open market purchase on May 7, 1974. Benjamin F. Edwards III, director, president, and chief executive officer.

Eltra Corp. 700 common at from \$23.125 to \$23.625 - open market purchases between May 16 to May 23, 1974 in four separate transactions of from 100 to 300 shares. American Manufacturing Co. Inc., beneficial owner of more than ten per cent common stock.

The Empire District Electric Co. 100 common stock at \$12.50 open market purchase on May 21, 1974; and 376 common stock at \$10.24 exercise of option under employee stock purchase plan on April 31, 1974. James T. Jones.

Entex, Inc. (formerly United Gas, Inc.) 15,000 common stock at \$17.00 - private sale on May 28, 1974; and 1,100 common stock at \$17.00 open market purchase on May 31, 1974. Jack H. Abernathy, director. 400 common shares at \$17¼ - open market purchase on June 3, 1974; 2,800 common shares at \$17¼ - open market purchase on June 4, 1974; 300 common shares at \$16½ - open market purchase on June 5, 1974; and 11,300 common shares at \$17.00 - open market purchase on June 6, 1974. Jack H. Abernathy, director.

The First Boston Corp. 200 shares capital stock (1.66 2-3 par value) at \$11¼ - open market purchase on May 1, 1974. Robert Gerald Keeley, vice president and director. 100 shares capital stock \$1.66 2-3 par value at \$10¼ - open market purchase on May 23, 1974. William Ralph De Sena, vice president. 500 shares capital stock \$1.66 2-3 par value at \$9¼ - open market purchase on May 17, 1974. Gerald P. Gehman, vice president. 125 shares capital stock \$1.66 2-3 par value at \$10¼ - open market purchase on May 31, 1974. Walter Patrick MacLeod, vice president.

First Georgia Bancshares Inc. 250 common stock at \$11.50 - open market purchase

on May 2, 1974. Sanford N. Orkin, director.

First Surety Corp. 1,000 common stock at \$3¼ - open market purchase on June 4, 1974. Earl E. Wilkinson, director executive vice president and secretary

First Surety Corp. 800 common at \$3.00 - open market purchase on June 4, 1974. Kenneth C. Cutbertson, director and assistant vice president.

Floyd Enterprises 200 common at \$7.00 - purchase on May 1, 1974. Peter J. Hillmann, vice president.

Fraser Mortgage Investments 200 shares of beneficial interest at \$9.75 - open market purchase on May 6, 1974. and 300 shares of beneficial interest at \$9.75 - open market purchase on May 7, 1974. Herbert F. McVay, trustee.

General Recreation Inc. 1,000 common at \$2.50 - open market purchases on May 6 and May 29, 1974 of 500 shares each. H. Grant Robbins, vice president.

Golconda Corp. 1,075,355 common stock at \$8.375 - tender offer on May 13 through May 31, 1974; and 211,305 \$1.00 cumulative convertible preferred stock at \$16.25 - tender offer on May 13 thru May 31, 1974. Cerro Corporation, beneficial owner of 10 per cent of common and preferred stock.

The B. F. Goodrich Co. 417,222 common stock \$5. par value at \$20.403 - open market purchase on May 28 thru May 19, 1974. The B. F. Goodrich Company, trustee of B. F. Goodrich employee stock purchase and savings plan trust.

Grantree Corp. 1,150 common at \$1.875 - open market purchase on May 13, 1974. Robert L. Gary, vice president, director.

GSC Enterprises, Inc. 19,800 common stock at \$1.25 - private purchase on May 24, 1974. Raymond A. Elden, vice president and director.

Guardian Development Corp. 30,000 common at \$.60 - private purchase on May 1, 1974. Hornblower Eastern Corp., beneficial owner of more than ten per cent of common stock.

Gulf Life Holding Co. 5,000 common stock, \$1.00 par value at \$7½ - open market purchase on May 22, 1974; and 3,000 common stock, \$1.00 par value at \$7.00 - open market purchase on May 23, 1974; and 2,000 common \$1.00 par value at \$7¼ - open market purchase on May 23, 1974; and 2,000 common stock \$1.00 par value at \$7½ - open market purchase on May 23, 1974. E. Grant Fitts, chairman of the board. 500 common at \$7.36 - open market purchase on May 24, 1974. Albert J. Toole III, senior vice president.

Gulton Industries, Inc. 900 common stock and 300 common stock at \$2¼ - open market purchase on May 17, May 21, 1974; and 600 common stock and 200 common stock at \$2¼ - open market purchase on May 22, and 23, 1974 respectively. Robert L. Pelz, chairman, executive committee, secretary and director.

W. F. Hall Printing Co. 2,800 common at from \$15.125 to \$15.25 open market purchases between May 2 and May 31, 1974 in six separate transactions of from 100 to 2,000 shares. Marmon Industries Inc., five per cent owner.

Hamilton Bancshares, Inc. 1,000 common stock - open market purchase at \$18.00 on May 3, 1974; 1,586 common stock at N-A exchange on May 10, 1974. John L. Hutcheson, Jr., director.

Hamilton Bancshares Inc. 1,000 common at

\$13.25 - open market purchase on May 23, 1974. Carmack Cochran, director.

Harcourt Brace Jovanovich Inc. 2,400 common at from \$17.00 to \$17.50 - open market purchases between May 1, 1974 to May 9, 1974 in eight transactions of from 100 to 800 shares. William Jovanovich, chairman and director.

Harcourt Brace Jovanovich, Inc. 100 common stock at \$18.00 - open market purchase on May 21, 1974. Margaret Mary McQuillan, secretary.

Health Advancement, Inc. 150,000 shares class A common stock at \$750,000 for the stock on June 19, 1974 private purchase; and 50,000 shares warrants to purchase class a common stock and warrants combined-private purchase on June 19, 1974. The Prudential Insurance Company of America.

Heritage Communications, Inc. 373 shares common stock at \$5.75 - open market purchase on May 9, 1974; 200 shares common stock at \$5.50 acquired by gift on May 10, 1974; and 100 shares common stock at \$6.00 acquired by gift on May 14, 1974. James McClain Hoak, Jr., director and president.

Hesston Corp. 250 common at \$22.25 - open market purchase on May 29, 1974. Howard L. Brenneman, vice president and director.

Hi-G, Inc. 600 common stock at \$5¼ - open market purchase on May 2, 1974. David Morris Barney, treasurer. 300 common stock at \$6.00 - open market purchase on May 15, 1974. Alan Horowitz, vice president.

The Higbee Co. 100 common stock par value \$1.00 at \$15¼ - open market purchase on May 29, 1974. Paul L. Volk, vice president and treasurer.

Hi-Shear Corp. a California Corp. 400 common stock at \$16.25 open market purchase on May 3, 1974; 500 common stock at \$16.25 open market purchase on May 6, 1974; 500 common stock at \$16.25 - open market purchase on May 7, 1974; 100 common stock at \$16.00 - open market purchase on May 7, 1974; 100 common stock at \$16.00 - open market purchase on May 8, 1974; 200 common stock at \$16.00 - open market purchase on May 9, 1974; and 1,200 common stock at \$16.25 - open market purchase on May 10, 1974. Frank A. Klaus, beneficial owner of more than 10 per cent of common stock.

Hoffman Rosner Corp. 600 shares common stock at \$3.18 - open market purchase on May 1974. Edgar D. Jannotta, director.

D. H. Holmes Co. Ltd. 300 common at \$32.50 - open market purchase on May 24, 1974. George G. Westfeldt, Jr., director.

Honeywell Inc. 94 common at \$79.56 - purchase on May 10, 1974. Neil J. McKinnon, director.

Hospital Corp. of America 2,000 common stock at \$11.00 - open market purchase on May 17, 1974. John C. Neft, president, member of board of directors and executive committee.

Hospital Mortgage Group 2,000 shares of beneficial interest at \$6¼-7 - open market purchase on May 10, 1974; 100 shares of beneficial interest at \$8.00 - open market purchase on May 16, 1974; 1,200 shares of beneficial interest at \$8¼-8½ - open market purchase on May 17, 1974; 1,000 shares of beneficial interest at \$8¼-8½ on May 20 open market purchase and 700 shares at \$8-8¼ - open market purchase on May 21, 1974.

See INSIDER, page 20

Insider Trading

Continued from page 19

Bernard M. D. Rotko, chairman and president.

Illinois Power Co. 25 common stock at \$42.00 - open market purchase on February 21, 1966; 1 common stock at \$34 $\frac{3}{4}$ - private purchase on December 21, 1972; 100 common stock at \$17 $\frac{1}{2}$ - open market purchase on May 24, 1974; and 252 common stock at \$33.49 - open market purchase on May 24, 1974. David F. Meek, secretary and treasurer.

Insileo Corp. 1,000 common at \$7.25 - open market purchase on May 31, 1974. George E. Peterson Jr., vice president.

Investors Diversified Services Inc. 100,000 6 $\frac{1}{2}$ per cent convertible subordinated debentures due 1-1-92 at \$660.00 - purchase on May 20, 1974. Charles R. Orem, director and president.

Investors Heritage Life Insurance Co. 1,178 common at \$6.875 - open market purchases on May 10, 1974 and May 16, 1974 of 957 and 221 shares respectively. Kentucky Investors Inc., owner of more than 10 per cent of common stock

Iowa-Illinois Gas & Electric Co. 200 common stock at \$13.50 - open market purchase on May 13, 1974. Leonard Lee Woodruff, director.

Iowa Southern Utilities Co. 100 common at \$20.125 - private purchase on May 29, 1974. Charles R. S. Anderson, secretary and general counsel.

Iroquois Brands, Ltd. 100 common stock at \$6 $\frac{7}{8}$ - open market purchase on May 8, 1974. Joseph H. Sweeney, controller.

Jensen-Curtis 1,000 common stock at \$2 $\frac{3}{4}$ - open market purchase on May 2, 1974. Harold Aisley. 500 common stock at \$2 $\frac{3}{4}$ - open market purchase on May 8, 1974; and 500 common stock at \$2 $\frac{3}{4}$ - open market purchase on May 23, 1974. Gordon Lyle Eade, officer and director.

Justice Mortgage Investors 2,000 common at \$9.00 - open market purchase on May 24, 1974. Franklin L. Burns, trustee.

Kaiser Industries Corp. 500 common at \$7.125 - open market purchase on May 7, 1974. Philip David Bush, vice president.

Kalvex Inc. 3,500 common stock (par value \$.50 per share) at \$11.00 - open market purchase in four separate transactions of 2,100, 500, 800 and 100 on May 17, 20, thru May 22, 1974 respectively. Emanuel L. Wolf, chairman of the board, president and director.

Kansas City Power & Light Co. 300 common: 100 at \$23.50 - open market purchase on May 8, 1974; 200 at \$20.625 - open market purchase on May 29, 1974. Robert K. Zimmerman, chairman of the board and president.

Kansas Gas & Electric Co. 600 common: 300 at \$15 $\frac{1}{2}$; 200 at \$15 $\frac{1}{2}$; and 100 at \$15 $\frac{1}{2}$ - open market purchase on May 20, 1974; and 400 common at \$14 $\frac{1}{2}$ - open market purchase on May 24, 1974; G.W. Evans, chairman of the board and director. 300 common at \$14 $\frac{1}{2}$ - open market purchase on May 21, 1974; Ralph P. Fiebach, president and director; 200 common at

\$14 $\frac{1}{2}$ - open market purchase on May 24, 1974. W. B. Walker, secretary and controller. 600 common at \$15.00 - open market purchase on May 2, 1974. Duane L. Wallace, director.

Keller Industries, Inc. 200 shares common stock at \$6.625 - open market purchase on May 30, 1974. Norman S. Edelcup, senior vice president and vice chairman.

Kemper Corp. 60,000 common stock at \$16.62 $\frac{1}{2}$ - open market purchase on May 1, 1974. Lumbermens Mutual Casualty Company, beneficial owner of more than 10 per cent of company's common stock.

Kent-Moore Corp. 500 common at \$17.50 - open market purchase on May 13, 1974. George Earle Robinson Robinette, director and member of the executive committee.

Kentucky Investors, Inc. 265 common stock at \$4.50 - open market purchase on May 1, 1974. and 440 common stock at \$4.50 - open market purchase on May 1, 1974. Narry Lee Waterfield, chairman of board and president. 400 common stock at \$4 $\frac{1}{2}$ - open market purchase on May 23, 1974. Harold L. Trader, director and vice president.

Krafco Corp. 400 common stock at \$38.25 - open market purchase on May 31, 1974. 100 common stock at \$45.375 - open market purchase on April 23, 1974; and 100 common stock at \$45.25 - open market purchase on April 23, 1974. John D. deButts, director.

Lamson & Sessions Co. 100 common at \$14.625 - open market purchase on May 6, 1974. William B. Graham, secretary and treasurer.

Lane Co. Inc. 200 common at \$21.50 - open market purchase on May 9, 1974. Hampton O. Powell, president and director.

Langley Corp. 1,000 common stock at \$1.00 + open market purchase on May 14, 1974; and 1,000 common stock at \$1.00 - open market purchase on May 17, 1974. Machlin B. Laddon, director and president.

Lazare Kaplan International Inc. 1,100 common stock \$1 par value at \$9 $\frac{1}{2}$ - private purchase on May 15, 1974. George R. Kaplan, vice president of the board, treasurer and beneficial owner of more than 10 per cent of common stock. 1,400 common stock \$1 par value at \$9 $\frac{1}{2}$ - private purchase on May 15, 1974. Leo L. Kaplan, president, director and beneficial owner of more than 10 per cent of common stock.

Lincoln American Corp. 21,300 common at from \$1.875 to \$2.125 open market purchases between May 3, 1974 and May 17, 1974 of from 100 to 5,200 shares Harold Sidney Brady, director.

J. B. Lippincott Co. 6,000 common at from \$3.875 to \$4.1875 - open market purchases in six separate transactions between May 7 and May 30, 1974 of from 300 to 2,000 shares. James Laughlin, director.

McIntosh Corp. 400 common: 200 at \$5.00 - open market purchase on May 22, 1974; 200 at \$4.875 - open market purchase on May 24, 1974. Francis S. Wilson, director.

Madison Gas & Electric Co. 100 common at \$14.50 - open market purchase on May 8, 1974. Lee E. Brodzeller, vice president and Secretary.

MARLENNAN CORP. 6,500 common stock at \$43.50 - open market purchase May 1974. Raymond Jutheau, director.

Mass Mutual Corporate Investors Inc. 2,323 shares common stock at \$17.381 - open market purchase on May 22, 1974. Allen O. Eaton, director.

Medline Industries, Inc. 100 shares common stock \$1.00 par value at \$9 $\frac{1}{4}$ - open market purchase on May 6, 1974; 100 shares common stock at \$9.00 - open market purchase on May 13, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 15, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 16, 1974; 100 shares common stock open market purchase at \$8 $\frac{1}{2}$ on May 22, 1974; and 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 23, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 24, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 28, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 30, 1974 and 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 31, 1974; James S. Mills, president and chief executive officer, director and 10 per cent beneficial owner. 100 shares common stock at \$9 $\frac{1}{4}$ - open market purchase on May 6, 1974; 100 shares common stock at \$9.00 - open market purchase on May 13, 1974;

McMoRan Exploration Co. 112,054 no par common stock at \$3.1901 private purchase on May 17, 1974. B. M. Rankin Jr., president and director. 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 15, 1974; 100 shares common stock at \$8 $\frac{1}{4}$ - open market purchase on May 16, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 22, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 23, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 24, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 28, 1974; 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 30, 1974; and 100 shares common stock at \$8 $\frac{1}{2}$ - open market purchase on May 31, 1974. John M. Mills, vice president, director and 10 per cent beneficial owner.

Midwest Rubber Reclaiming Co. 100 common stock at \$12.25 - open market purchase on May 9, 1974; 300 common stock at \$12.25 - open market purchase on May 10, 1974; 100 common stock at \$12.25 - open market purchase on May 13, 1974; 100 common stock at \$12.25 - open market purchase on May 20, 1974; 1,800 common stock at \$12.50 - open market purchase on May 20, 1974; 200 common stock at \$12.25 - open market purchase on May 23, 1974 and 200 common stock at \$12.25 - open market purchase on May 28, 1974. Goodrich Realty and Development Group, Inc., beneficial owner of more than 10 per cent of the company's commonstock.

Missouri Public Service Co. 200 common stock at \$12.00 purchase on May 1, 1974; 500 common stock at \$12.00 purchase on May 7, 1974; 500 common stock at \$11 $\frac{1}{2}$ purchase on May 8, 1974; 500 common stock at \$11 $\frac{1}{2}$ purchase on May 8, 1974; 400 common stock at \$11 $\frac{1}{2}$ purchase on May 13, 1974; 500 common stock at \$11 $\frac{1}{2}$ purchase on May 14, 1974; 100 common at \$11 $\frac{1}{2}$ purchase on May 20, 1974 and 600 common stock at \$11 $\frac{1}{2}$ purchase on May 21, 1974. Avis G. Tucker, director.

Miller Bros. Industries, Inc. 800 common stock at \$3.00 average open market purchase on May 24, 1974; William B. Eppler, director.

Multibank Financial Corp. 903 shares common stock at \$17-18.00 acquired by gift on May 3, 1974; 97 shares common stock at \$18.00 - open market purchase on May 29, 1974; and 200 shares common stock at \$18 $\frac{1}{4}$ - open market purchase on May 30, 1974. Donald Paul Babson, director.

G. C. Murphy Co. 100 common stock at \$15.125 - purchase on May 10, 1974. Charles F. Gleeson, vice president. 300 common stock at \$15.125 purchase on May 10, 1974. Eugene A. Grissinger, vice president.

NN Corp. 100 shares common stock at \$16.00 - open market purchase on May 23, 1974. Charles Edward Mordy, assistant vice president.

Nordstrom, Inc. (formerly Nordstrom Best, Inc.) 700 acquired common stock at \$16.75 direct purchase on June 4, 1974. James M. Ryan, director.

North Carolina Telephone Co. 10 common stock at \$1.25 - private purchase on May 3, 1974; 200 common stock at \$1.25 private purchase on May 14, 1974; 450 common stock at \$1.25 private purchase on May 15, 1974; 1,600 common stock at \$1.25 private purchase on May 28, 1974; 25 8 per cent cumulative preferred stock at \$1.35 private purchase on May 3, 1974; 1,000 8 per cent cumulative convertible preferred stock at \$1.35 private purchase on May 6, 1974; 125 8 per cent voting cumulative convertible preferred stock at \$1.35 private purchase on May 15, 1974; and 750 8 per cent voting cumulative convertible preferred stock at \$1.25 private purchase on May 22, 1974. Mid-Continent Telephone Corporation, beneficial owner of more than 10 per cent of the company's stock.

Northern Natural Gas Co. 50 common stock, par value \$10 per share at \$48 $\frac{3}{8}$ - open market purchase on May 9, 1974. Thomas S. Nurnberger, director.

Oil-Dri Corp. 400 shares common stock at \$11.75 - open market purchase in May 1974. Edgar D. Jannotta, director.

Occidental Petroleum Corp. 6,004 common shares 20 cents par value at \$8 $\frac{1}{2}$, \$9 $\frac{1}{2}$, and \$9 $\frac{1}{2}$ - open market purchase in three separate transactions on May 23, 19, and 31 respectively. Morrie A. Moss, director.

Olin Corp. 100 common stock at \$16 $\frac{1}{4}$ - open market purchase on May 13, 1974; 300 common stock at \$15 $\frac{1}{2}$ - open market purchase on May 17, 1974; 200 common stock at \$15 $\frac{1}{2}$ - open market purchase on May 17, 1974; 300 common stock at \$15 $\frac{1}{4}$ - open market purchase on May 21, 1974; 100 common stock at \$16 $\frac{1}{4}$ - open market purchase on May 13, 1974. Benjamin Howell Griswold III, director thru May 23, 1974, former director on May 24, 1974.

Ormand Industries Inc. 17,142 shares common stock at \$1.00 - private purchase on May 15, 1974. Jarrell D. Ormand, chairman of the board and president.

Paccar Inc. 2,8642 common stock at \$34,564 - open market purchase on April 25, 1974. Edgar A. Carpenter' secretary.

Pargas, Inc. 1,200 common stock at \$10.00 - open market purchase on May 29, 1974; 500 common stock at \$10.00 - open market purchase on May 30, 1974; 300 common stock at \$10.00 - open market purchase on May 31, 1974. C. J. McAllister, director

Paterson Parchment Paper Co. 400 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 8, 1974; 600 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 9, 1974; 500 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 9, 1974; 2,200 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 9, 1974; 400 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 9, 1974; 1,200 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 10, 1974; 500 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 10, 1974; 400 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 13, 1974; 200 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 13, 1974; 600 common stock at \$2 $\frac{1}{2}$ - open market purchase on May 16, 1974; 1,000 common stock at \$2 $\frac{1}{2}$ - open

See INSIDER, page 21

Insider Trading

Continued from page 20

market purchase on May 16, 1974; 300 common stock at \$2 3/4 - open market purchase on May 16, 1974; and 200 common stock at \$2 1/4 - open market purchase on May 16, 1974. Louis Yaeger, ten per cent stock holder.

Pennsylvania Real Estate Investment Trust 400 common stock at \$10 1/4 - open market purchase on May 14, 1974; 500 common stock at \$10 1/4 open market purchase on May 17, 1974. Marvin Orleans, vice president and trustee.

Phoenix Steel Corp. 2,500 common stock: 2,000 at \$3 1/4 and 500 at \$3.00 - open market purchase on May 10, 1974; 3,100 common stock at \$3 1/4 - open market purchase on May 13, 1974; 2,300 common stock: 1,500 at \$3 1/4 and 800 at \$3 1/4 - open market purchase on May 14, 1974; 17,500 common stock: 2,000 at \$3 1/2; 3,000 at \$3 1/4; 5,000 at \$3 1/8 and 7,500 at \$4.00 - open market purchase on May 16, 1974. Edwin Jacobson, director.

Pilgrim Intergroup Investment Corp. 1,626 shares common stock, \$.80 par value at \$1.29 per share, private purchase on May 17, 1974. Frank L. Damato, president, director and beneficial owner of more than 10 per cent of the company's common stock. - 1

Pizza Hut, Inc. 600 common stock at \$22.00 - open market purchase on May 1, 1974; 700 common stock at \$22 1/2 open market purchase on May 1, 1974; 100 common stock at \$22 1/4 - open market purchase on May 1, 1974; 600 common stock at \$22 1/2 - open market purchase on May 2, 1974; 1,000 common stock at \$22 1/4 - open market purchase on May 2, 1974; 1,700 common stock at \$22 1/4 - open market purchase on May 2, 1974; 1,100 common stock at \$23.00 - open market purchase on May 2, 1974; 600 common stock at \$22 1/2 - open market purchase on May 2, 1974; 300 common stock at \$21 1/4 - open market purchase on May 3, 1974; 600 common stock at \$22.00 - open market purchase on May 3, 1974; 500 common stock at \$21 1/2 - open market purchase on May 3, 1974; 200 common stock at \$21 1/4 - open market purchase on May 6, 1974; 700 common stock at \$22.00 open market purchase on May 6, 1974; 200 common stock at \$22 1/4 - open market purchase on May 7, 1974; and 100 common stock at \$21 1/4 - open market purchase on May 7, 1974; 200 common stock at \$22 1/2 - open market purchase on May 10, 1974; 500 common stock at \$22 1/2 - open market purchase on May 10, 1974; 400 common stock at \$22 1/2 open market purchase on May 10, 1974; 200 common stock at \$22 1/4 - open market purchase on May 10, 1974; 100 common stock at \$22 1/4 - open market purchase on May 13, 1974; 200 common stock at \$22 1/2 - open market purchase on May 13, 1974; 2,400 common stock at \$23.00 - open market purchase on May 16, 1974; 400 common stock at \$22 1/2 - open market purchase on May 16, 1974; 500 common stock at \$22 1/4 - open market purchase on May 17, 1974; 1,400 common stock at \$22.00 open market purchase on May 17, 1974; 300 common stock at \$22 1/2 open market purchase on May 20, 1974; 500 common stock at \$22.00 - open market purchase on May 20, 1974; 600 common stock at \$21 1/4 - open market purchase on May 20, 1974; and 1,300 common stock at \$22.00 - open market purchase on May 21, 1974; Morgan Guaranty Trust company of New York as trustee of its commingled Pension Trust Fund, beneficial owners of more than 10 per cent of company's warrants to purchase common stock at \$9.25 per share expiring March 1, 1987.

Proler International Corp. 200 common stock at \$17 1/4 purchase on May 16, 1974; 100 common stock at \$17 1/4 purchase on May 17, 1974; and 100 common stock at \$17 1/4 purchase on May 20, 1974. Alvin J. Cowan, vice president.

Property Capital Trust 10,000 shares of beneficial interest at \$6.625 private purchase on May 31, 1974. Morgan Guaranty Trust Company of New York as Trustee of its commingled Pension Trust Fund, beneficial owners of more than 10 per cent of company's shares of beneficial interest.

Public Service Company of New Hampshire 200 common stock at \$13.00 open market purchase on May 15, 1974. William C. Tallman, president and director.

Qonaar Corp. 1,100 common at from \$6 1/2 to \$6 7/8 - open market purchase between May 3, 1974 and May 14, 1974 in three separate transactions of between 200 and 600 shares. Robert Rittmaster, chairman of the board and president.

Research-Cottrell Inc. 2,000 class A common at \$6.125 - open market purchase on May 17, 1974; and 100 class A common at \$7.25 - open market purchase on May 20, 1974. Frank P. Stray, vice president.

Rucker Co. 3,000 common at \$7.875 and \$7.75 - open market purchases on May 28, 1974 of 2,500 and 500 shares, respectively. Jack Steele Anderson, division president.

Scholastic Magazines Inc. 1,000 common at \$5.00 - open market purchase on May 1, 1974; and 200 common at \$4.75 - open market purchase on May 17, 1974. Maurice R. Robinson, director, chairman of the board and beneficial owner of more than 10 per cent of stock.

Silver King Mines Inc. 10,000 common at \$5.00 - private purchase on May 1, 1974. Richard E. Uyehara, director.

Soundesign Corp. 1,000 common at \$7.00 - open market purchase on May 17, 1974. Ely E. Ashkenazi, president and director. 1,000 common at \$7.00 - open market purchase on May 29, 1974. Joseph Ashear, director.

Source Capital Inc. 50,500 common at from \$7.875 to \$9.375 - open market purchases in five separate transactions between May 7, 1974 and May 29, 1974 in lots of 1,000 shares and 46,500 shares on May 23, 1974. Blue Chip Stamps, beneficial owner of more than ten per cent common stock. open market purchases in five separate transactions between May 7 and May 29, 1974, in lots of 1,000 shares but for 46,500 shares on May 23. Charles T. Munger, director.

Southern California Gas Co. 500 6 per cent preferred stock at \$17.25 - open market purchase on May 17, 1974. Pacific Lighting Corp., beneficial owner of more than 10 per cent of the company's 6 per cent preferred stock.

Southwestern Electric Power Co. 70 preferred stock 8.84 per cent at \$101.26 - open market purchase on May 7, 1974. James C. Gardner, vice president and director. 10 preferred stock 8.84 per cent at \$101.26 - open market purchase on May 7, 1974. William H. Snow, director and vice president. 25 preferred stock 8.84 per cent at \$101.26 - open market purchase on May 7, 1974. John W. Turk Jr., vice president. 20 preferred stock 8.84 per cent at \$101.26 - open market purchase on May 7, 1974. Charles L. Westley, assistant director.

Standard Products Co. 1,500 common at \$11.25 - private purchase on May 24, 1974. James S. Reid Jr., director and president.

Sun Banks of Florida Inc. 1,000 common at \$22.25 and \$22.375 open market purchases on May 16, 1974 of 200 and 800 shares.

Sweldon Inc. 6,300 common at from \$4.50 to \$4.75 - open market purchases in five separate transactions between May 2, 1974 and May 29, 1974 of between 500 and 3,000 shares. Robert-William Haigh, director and president.

Taco Bell 400 common: 200 at \$9.50 and 200 at \$9.00 - purchases on May 23, 1974; and 100 common at \$9.25 - purchase on May 28, 1974. Lester A. Morris, director.

Telephone Utilities of Pennsylvania Inc. 600 class A common at from \$23.50 to \$25.00 - open market purchases in three separate transactions on May 17 and May 24, 1974 of between 100 and 300 shares. Emmett C. Boyle Jr., director.

Texas American Bancshares Inc. 400 common at \$22.00 - open market purchase on May 13, 1974. Obie P. Leonard Jr., director.

Tiffany Industries Inc. 300 common at \$5.625 - open market purchase on May 20, 1974. Alan G. Johnson, director.

Time Holdings Inc. 900 common at \$15 1/2 - open market purchase on May 17, 1974. John S. Sammond, director.

Todhunter International Inc. 1,000 common at \$3.50 - open market purchase on November 28, 1974. Edward V. Gogel, vice president in charge of manufacturing.

Transairco Inc. 15,000 common at \$.15 - private purchase on May 14, 1974.

Triangle Home Products Inc. 2,089 at \$.875 and \$.75 - open market purchases on May 15, 1974 and 1,000 and 1,089 shares. Irene Herman, beneficial owner of more than ten per cent of common stock.

Tropicana Products Inc. 10,000 common at \$9.375 and \$9.50 - open market purchases on May 31, 1974 of 2,000 and 8,000 shares. Anthony T. Rossi, president and chairman of the board.

Union Electric Co. 200 common at \$12.00 - open market purchase on May 24, 1974. J. T. Friel, controller. 2,000 common at \$13.25 - open market purchase on May 9, 1974. W. A. Hayes director.

United Illuminating Co. 100 common at \$18.75 - open market purchase on June 5, 1974. Eugene J. Rosazza, vice president.

United Penn Corp. 1,110 common at \$25.00 - open market purchase on April 26, 1974. Arnold L. Biscontini, director.

United States Banknote Corp. 1,000 common at \$1.75 and \$1.625 open market purchases on May 6, 1974 of 1,000 shares each. William J. vanden Heuval, director.

United Telecommunications Inc. 100 common at \$14.00 - open market purchase on May 8, 1974. George T. Hess, assistant general counsel.

Univar Corp. (formerly VWR United Corp.) 100 common at \$14.125 - open market purchase on May 9, 1974. Edyth L. Freeman, assistant director.

Virginia Electric & Power Co. 100 common at \$12.75 - open market purchase on May 3, 1974. William S. Peebles III, director. 65 common at \$10.625 - open market purchase on May 30, 1974. T. Justin Moore Jr., president and director. 145 common at

\$12.25 and \$10.625 - open market purchases on May 1, and May 30, 1974 of 100 and 45 shares. Eugene B. Crutchfield, senior vice president.

Vishay Intertechnology Inc. 2,160 common at \$4.50 and \$4.625 - purchases on May 15, 1974 of 2,100 and 60 shares. Moshe Shamir, vice president. 100 common at \$4.50 - open market purchase on May 15, 1974. Felix Zandman, president, chief executive officer, and director.

Ward Foods Inc. 300 common at \$6.25 - open market purchase on May 24, 1974. Willard C. McNitt, director, president of chief operating office.

Washington Post Co. 1,000 class B. common at \$20 1/2 - open market purchase on May 15, 1974. John W. Sweeterman, director.

Wheelabrator-Frye Inc. 100 common at \$13.00 - open market purchase on May 13, 1974. Joseph F. Condon, senior vice president.

Zenith Radio Corp. 339 common at \$25.375 - open market purchase on May 16, 1974. John J. Nevin, director and president.

Zurn Industries Inc. 500 common at \$10.00 - open market purchase on February 25, 1974. Russel F. Lindsay, executive vice president and director.

Purchases-Part 2

Melville Shoe Corp. 5,000 common at \$6.00 - open market purchase on May 24, 1974. Francis, C. Rooney, president and director.

Mervin's 300 common at \$29 1/4 - open market purchase on May 22, 1974. Lester Haft, treasurer.

Microdate Corp. 6,000 common: 1,000 at \$3.75 - open market purchase on May 7, 1974; 5,000 at \$3.25 - open market purchase on May 23, 1974. Donald William Fuller, president, board chairman, chief executive officer and director.

Milton Roy Co. 50 common at \$17 1/2 - open market purchase on May 2, 1974. F. Curtis Snowden, vice president.

MSL Industries Inc. 100 common at \$26.50 - open market purchase on May 2, 1974. Nancy J. Nykaza, secretary.

Musingwear Inc. 200 common at \$16.50 - open market purchase on May 10, 1974. Berkehire Hataway Inc., owner of more than ten per cent. 200 common at \$16.00 open market purchase. Warren E. Buffet, director.

National Bancshares Corp. of Texas 300 common at \$46.00 - open market purchase on April 23, 1974. H. B. Zachry, Jr., director.

National Computer Corp. 92,000 common at \$1.15 - private purchase on May 2, 1974. Robert A. Monahan, director and president.

National Convenience Stores Inc. 200 common at \$9.875 - open market purchase on May 24, 1974. Stephen I. Gelsey, vice president and treasurer.

Nationwide Corp. 1,000 class A common at \$8.00 - open market purchase on May 14, 1974. Joseph F. Timilty, director.

New York State Electric & Gas Corp. 63 common at \$23.25 - open market purchase on May 7, 1974. Robert B. Allan, vice president.

See INSIDER, page 41A

Dealer-broker literature

Bates Manufacturing — comments — Merkin & Co., Inc., 100 Wall St., New York, N. Y. 10005 Also available are comments on **Crown Central Petroleum**.

Burlington Northern — analysis — D. A. Davidson & Co., Davidson Bldg., Great Falls, Mont. 59401 Also available is an analysis of **Xonics**.

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

Eagle Picher Industries — analysis — Loewi & Co., Inc., 225 East Mason St., Milwaukee, Wis. 53202

General Electrodynamics Corp. — analysis — Mid-Southwest Securities Inc., Mercantile Bank Bldg., Dallas, Tex. 75201

Hyser — report — Piper, Jaffray & Hopwood, Inc., 733 Marquette, Minneapolis, Minn. 55402. Also available are reports on **Medullae International**, **Nordstrom Inc.**, **Trans Pacific Financial Corp.**, **Weyerhaeuser**, and **Jestens**.

Matsushita Electric Industrial Co. Ltd. — report — Yamaichi International (America) Inc., 1 World Trade Center, New York, N. Y. 10048. Also available is a report on **Nippon Steel Co.**

Phillips Petroleum — review — Loeb, Rhoades & Co., 42 Wall St., New York, N. Y. 10005. Also available is a review of **CBS Inc.**

Bank Stocks — comparative statistics — First Boston Corp., 20 Exchange Place, New York, N. Y. 10005

Building Materials Industry — analysis with particular reference to **Jim Walter**, **Armstrong Cork**, **Owens-Corning Fiberglas** and **Lone Star Industries Drexel Burnham & Co.**, — Inc., 60 Broad St., New York, N. Y. 10004. Also available are analyses of the **Drug Industry**, **South African Gold Mining Industry**, **Color TV**, and **International Banking**.

Business Conditions U.S.A. — review — Irving Trust Company, 1 Wall St., New York, N. Y. 10015

Canadian Housing Market — review — The Bank of Nova Scotia, 44 King St., W., Toronto, Ont., Canada M5 4 1E2

Canadian Stocks — brief comments on suggested portfolio of Canadian stocks — **Midland Doherty Limited**, P. O. Box 25, Toronto Dominion Centre, Toronto, Ont., Canada M5K 1B5. Also available is a review of **Greyhound Lines of Canada**.

Credit — comments — Salomon Brothers, 1 New York Plaza, New York, N. Y. 10004

Debt Markets — bulletin — Morgan Guaranty Trust Company, 23 Wall St., New York, N. Y. 10015

Economic Outlook — review — Wells Fargo Bank, Economics Department, P. O. Box 44000, San Francisco, Calif. 94144

Federal Financing Bank — review — in May issue of "Business Conditions" — **Federal Reserve Bank of Chicago**, P. O. Box 834, Chicago, Ill. 60690

Hawaii — economic review — Hawaii Department of Planning and Economic Development, P. O. Box 2359, Honolulu, Hawaii 96804

Implications of Basic Material Inventory and Capital Spending Activity — study — Goldman, Sachs & Co., 55 Broad St., New York, N. Y. 10004

International Business and the Southwest Metroplex (Dallas-Ft. Worth) — report — Dallas-Ft. Worth Southwest Metroplex, North Texas Commission, 600 Avenue H East, Arlington, Tex. 76011

Investment Clubs in Europe and the U. S. — discussion — Kredietbank, Arenbergstraat 7, B-1000, Brussels, Belgium

People



RALPH SAUL

Ralph S. Saul has been elected to the newly created post of vice chairman by INA Corp. of Philadelphia. The position was created to provide an orderly succession to the post of chairman, according to John Gruash, board chairman, who said the board has suggested that Saul be elected chief executive officer next April at the annual organizational meeting.

The board requested that Gruash continue as chairman until December 1975 when he will retire and become chairman of the executive committee through December 1977. Upon Gruash's retirement the board stated it plans to elect Saul as chairman.

Prior to joining INA, Saul was chairman of the management committee of First Boston Corp. and was president of the American Stock Exchange from 1966 to 1971.

The resignation of Peter M. Flanagan as assistant to the President and executive director of the Council on International Economic Policy has been accepted by President Nixon.

The resignation will become effective on a date to be determined later. Flanagan has been in the Administration in various roles for 5½ years. He will return to private life although no details of his plans have been announced. He is a former vice president of the investment banking firm of Dillon, Read & Co., Inc.

Jacques P. Gelardin, corporate fixed-income sales; Paul L. Salembier, equity trading; and W. Bradford Willauer, corporate fixed-income sales have been elected vice presidents of First Boston Corp. The firm has also announced that Miasos A. Zombanakis, a director of First Boston and its overseas subsidiary First Boston (Europe) Ltd. has been elected a vice chairman.

Wallace D. Johnson, president of Howe, Barnes & Johnson Inc., Chicago, has been appointed a member of the banking-investment group of the business division of the Salvation Army's Capital and Services Expansion Fund campaign.

Tucker, Anthony & R. L. Day, 120 Broadway, New York has announced that Edward E. Collins 3rd has been named manager of the firm's institutional trading department.

Charles F. Arlington, Jr. has been named national institutional sales manager of Reynolds Securities Inc. He is a vice president of the firm.

Terry A. Milberger has joined Security Management Topeka, Kan. security analyst in the investment department. Before joining the investment management firm for the Security Funds, Milberger was an analyst with Western Casualty & Surety Co.

At the organization meeting of the new



PETER FLANNIGAN

Texas Commerce Medical Bank, Houston, Bob J. Bryant was elected president; James E. Brogden, vice president and cashier; and W. S. Peabworth, Jr., inactive vice president, who also serves as the bank's chairman. Bryant is a former vice president of Cullen Center Bank. Brogden was with the Texas Department of Banking for 6½ years.

Tohru Kikuchi has been elected a senior vice president and treasurer of the newly formed Japan California Bank, Los Angeles, the first independent Japanese-owned bank in the United States. He will be responsible for the administration as well as handling the treasurer's responsibilities. Prior to joining the bank he was an executive in the international division of Daiichi Kangyo Bank in Tokyo. Also announced was the election of William H. Patterson, formerly an officer of United California Bank, as executive vice president of Japan California Bank.

Christoph H. Schmidt has been elected a senior vice president of the Bowery Savings Bank of New York. Prior to joining the bank in 1969 he had been First Deputy Superintendent and Counsel for the New York State Banking Department and Assistant Counsel to Gov. Rockefeller.

Consolidated Tape Association, formed to oversee the creation and operation of a consolidated ticker tape to report all trades in listed stocks in all markets, has announced the election of Francis J. Palamara to a one-year term as its first chairman. Palamara is executive vice president and chief operating officer of the New York Stock Exchange. George Hender, vice president for member and industry relations of the PBW Exchange, Philadelphia, was named executive secretary.

Francis E. Hassey has been promoted to vice president and chief economist in the investment and financial planning division of State Street Bank & Trust Co., Boston.

Scott A. Blech, formerly a trust officer with the Northern Trust Bank, Chicago, has joined the trust division of the American Bankers Association, Washington, as associate director. In addition to other responsibilities he will serve as liaison with the Federal Legislation Division of the ABA Government Relations Group.

Bankers Trust Co. of New York has announced that Bruce K. Nichols has been named president of Bankers Trust International (Midwest) Corp., Chicago, a newly formed subsidiary. Carleton D. Pearl was named vice president. Bankers Trust has also announced that Timothy T. Yates has been appointed Chicago regional representative.

William F. Jaenike has been elected a vice president of the Depository Trust Co., a New York Stock Exchange subsidiary. He was formerly a vice president of the Chase Manhattan Bank.

Market Letters Digest

Continued from page 13

made available to a significantly larger proportion of the population.

Particularly recommended are: **American Home Products**, **Eli Lilly**, **Merck**, **Schering-Plough** and **Upjohn**.

E.F. Hutton believes that barring a resumption of the oil embargo, the first quarter of 1974 may have represented the year's low period for the lodging industry. Industry sources see a pick-up in occupancy rates and are facing the remainder of the year with cautious optimism.

The firm notes a decline in passport requests which indicates a trend to domestic vacation travel and likely shorter mileage trips.

Another positive factor is the improvement of costs for the food and beverage operations — an area which due to controls and rapidly rising raw material prices had been a cause of sharply lower profits. With the removal of controls, subsequent menu adjustments and stabilization of commodities prices, margins should improve over the balance of the year.

Particularly recommended for potential capital gains are: **Hilton Hotels**, **Holiday Inns** and **Hyatt Corp.**

Real Estate Research Corp. predicts a below-zero population growth and a slower increase in personal income for the year 2000.

The firm notes we should not expect a

radical revolution in lifestyle in the next 25 years. The continued decrease in population growth will mean less emphasis on youth and a generally more conservative outlook. More households will be entirely adult-oriented and new housing projects will be created for special interest groups.

The writer feels that the recent rises in oil and food prices will be repeated in other commodities since our six per cent of the world's population cannot continue to absorb 36 per cent of its resources. Due to the lower population growth and the need to ease inflation, the firm believes there will be more workers per household to increase the average income per household.

The First Canadian Bank studies the reverberations of the oil price increase and in particular the outlook for crude oil prices.

Few observers expect a significant reduction from the price level established this year. At best, the price will remain constant, but will undergo a reduction in real terms. The most likely result, the firm feels, is that it will move in accordance with inflation.

The necessity of paying a higher price for oil will slow down the improvement in the standard of living in the importing countries and exercise a contractionary influence on their economies. In the absence of offsetting expansionary influences, it is estimated that the gross national product would fall by two to 4.7 in those economies.

Securities now in Registration

(N) indicates additions in since previous issue (R) items revised (I) initial public offering

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 July.

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 ORTION INVESTORS, INC.
2910 Keswick Rd., Baltimore, MD, Nov. 9, 1973 filed 2,000,000 shares of common, to be offered at \$25 per share; and 300,000 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.; and E.F. Hutton & Co., NY; and Alex Brown & Sons Baltimore, MD, will manage the underwriting.

ANSUL CO.
1 Stanton St., Marinette, WI, June 4, 1974 filed 330,000 shares of common, to be offered at \$15.50 per share. The 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. Offering expected June 24. V. 218, p. 429.

BORG WARNER ACCEPTANCE CORP.
1 IBM Plaza, Chicago, IL, Jan. 9, 1974 filed \$50,000,000 of senior debentures due Feb. 1, 1990, 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. 234.

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 23, 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 7408, p. 45.

CAL-TEX SEMICONDUCTOR, INC.
2300 Walsh St., Santa Clara, CA, Dec. 17, 1973 filed 402,500 shares of common, to be offered at \$17 per share; and 2-4,375 shares of common, to be offered at \$30.40 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. Offering expected in July. V. 218, p. 1201.

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. Offering expected in August.

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, 1990 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.

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 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

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.

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 4,040,000 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. Beche & Co., Inc.; and Harris, Upham & Co., Inc., NY, will manage the underwriting. Offering expected on July 11.

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.

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.

HOMCO INTERNATIONAL, INC.
3701 Holmes Rd., P.O. Box 2442, Houston, TX, March 11, 1974 filed 500,000 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. Matuscher Pierce Securities Corp., Dallas, TX, will manage the underwriting. Offering expected July 15. (I)

HONEYWELL FINANCE INC.
2701 Fourth Ave., South, Minneapolis, MN, June 13, 1974 filed \$75,000,000 of sinking fund debentures due 1999, to be offered at \$1,000. The company, which finances customer obligations of Honeywell Information Systems, Inc., will use the proceeds to repay short-term debt. Blyth Eastman Dillon & Co., Inc.; and White, Weld & Co., Inc., NY, will manage the underwriting. Offering expected July 8. V. 218, p. 1870.

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, to be offered at \$7 per share. (300,000 by the company; 140,000 by shareholders and 44,000 for over-allotment). The company, which designs, manufactures and sell magnetic recording heads used principally in computer memory systems, will use the proceeds to reduce debt. New York Securities Co., Inc., NY; and Seidler, Arnett, Spillane & Harris, Inc., Los Angeles, CA, will manage the underwriting. Offering expected July 22.

ITEL INVESTORS GROUP II
One Embarcadero Center, San Francisco, CA, Nov. 20, 1973 filed 15,000 limited partnership units, to be offered at \$1,000 per unit, with a minimum purchase of 5 units. The company plans to purchase approximately \$50,000,000 of the virtual memory version of IBM System 370 central processing units and/or peripheral equipment manufactured by IBM and others, and lease them to third parties. Harshbarger & Weeks-Hemphill, Noyes, Inc., NY, will manage the underwriting. Offering expected in July. V. 218, p. 1578.

JACUZZI BROS. INC.
11511 New Denton 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.

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.

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 \$30 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.

MODICON CORP.
P.O. Box 82, Shawannon Village Station, Andover, MA, April 26, 1974 filed 325,000 shares of common, to be offered at \$21.50 per share (130,000 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 Tucher, Anthony & R.L. Day, NY, will manage the underwriting.

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. Dames Cooke & Kebecher Inc., NY, will manage the underwriting. Offering expected late July.

NEWFOUNDLAND (PROVINCE OF)
1251 Ave. of the Americas, NY, June 14, 1974 filed \$50,000,000 of sinking fund debentures due July 15, 1980, to be offered at 100 per cent. Proceeds will be used for general and other provincial purposes. Merrill Lynch, Pierce, Fenner & Smith Inc.; Burns Brothers and Timmins Inc.; and Greenfields & Co., Inc., NY, will manage the underwriting. Offering expected July 8.

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.

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 \$0.001 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. R.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 in July. (I)

ROBLIN INDUSTRIES, INC.
290 Main St., Buffalo, NY, May 30, 1974 filed \$1,354,200 of 12 per cent debentures due 1989, to be offered in exchange at one debenture (principal amount \$50) for three shares of the company's 6 per cent preferred stock. W.E. Hutton & Co., NY, will manage the underwriting. V. 218, p. 429.

ROTEL OF AMERICA, INC.
2842 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.

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 (Rovac 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. Offering expected in late July. (I)

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.

STANDARD OIL CO.
200 East Randolph Drive, Chicago, IL, June 12, 1974 filed \$300,000,000 of debentures due 2004, to be offered at 100 per cent. Proceeds will be used for capital requirements. Morgan Stanley & Co., Inc., NY, will manage the underwriting. Offering expected July 10. V. 218, p. 1544.

TELEMED CORP.
9050 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 July 15. V. 218, p. 1604.

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 1990 for its outstanding 7 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. Frazier, Shookin & Sullivan Securities Corp., NY, will manage the underwriting. Offering expected July 8.

THERMAL COMPONENTS INC.
2708 Center 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 140,000 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 \$0.95 cash for each common of Puerto Rico. Arthur J. Nelson & Co., Inc., Pittsburgh, PA, will manage the underwriting. Offering expected July 8. V.219, 7402, p. 23

UNITED NUCLEAR CORP.
101 Executive Boulevard, Elmford, NY, April 1, 1974 filed 1,817,500 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 in July.

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, direct 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.
2000 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 200,000 shares of common, to be offered at \$5 per share; 200,000 shares of common purchase warrants; and 200,000 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. 20, 1973 filed \$50,000,000 of debentures due 1984, 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. Rhyt Eastman Dillon & Co., Inc. NY will manage the underwriting.

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. Rhyt Eastman Dillon & Co., Inc., NY; Kelly & Murey, Inc., Denver, CO., will manage the underwriting.

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. Rhyt Eastman Dillon & Co., Inc., NY; and Robinson-Humphrey Co., Inc., Atlanta, GA, will manage the underwriting. Offering expected July 8. V.218, p.579.

BOG RIVERS FUNDS - 1974
TPA Bldg., 115 St. Ann St., Owensboro, KY, May 6, 1974 filed 700 preference 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. Hillard, W.L. Lyons, Inc., Louisville, KY, will manage the underwriting. Offering expected 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 property. First Nations Securities Inc., Chicago, IL, will manage the underwriting.

FARLEY REAL ESTATE LIMITED PARTNERSHIP-74
625 N. Michigan Ave., Chicago, IL, March 18, 1974 filed \$5,000 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. Shearman Stansell & Co., Inc.; Clark Dodge & Co., Inc., NY, will manage the underwriting.

DELRAND REAL ESTATE INVESTMENT TRUST
1015 North Fort Meyer Dr., Suite 400, Arlington, VA, April 2, 1974 filed 250,000 shares of beneficial interest, to be offered at \$10.825 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. Delrand Investment Corp. of America, Washington, D.C., will manage the underwriting.

ENERGEX CORP.
600 Houston National Gas Bldg., Houston, TX, Jan. 20, 1974 filed 1,000 units of participation in Vance Sanders Drilling Program-1974, to be offered at \$5,000 per unit plus possible additional amounts of \$200, 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.

IDS REALTY TRUST
IDS Tower, Minneapolis, MN, May 15, 1974 filed \$23,022,215 of variable yield series E subordinated debentures, due May 31, 1984, 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.885.

JMB INCOME PROPERTIES, LTD. II
625 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 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. Barnblower & Weeks-Humphill, Noyes, Inc., NY; and Janney Montgomery Scott Inc., Philadelphia, PA, will manage the underwriting. Offering expected in July.

MAENNER-AMERICAN PROPERTIES
10050 Regency Circle, Omaha, NE, Nov. 6, 1973 filed 25,000 units of preference limited partnership interest, to be offered at \$200 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.

MCCULLOCH PROPERTIES CREDIT CORP.
6700 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.

MIDLANTIC 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
2225 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.

ROWAN CO., INC.
1980 Post Oak Tower, 5651 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, Inc., NY, will manage the underwriting.

Utilities

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. 22.

BELL CANADA
1050 Beaver Hall Bldg, Montreal, Canada, April 25, 1974 filed 740,500 shares of common, to be offered at \$43.44 per share, by the selling shareholder American Telephone &

Telegraph Co. Solomon Brothers; Merrill, Lynch, Pierce, Fenner and Smith Inc.; and Paine, Webber, Jackson & Curtis, Inc., NY, will manage the underwriting.

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. 219 7402, p. 24.

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 for construction. Morgan Stanley & Co., Inc., NY, will manage the underwriting. V. 219 7392, p. 18.

DUQUESNE LIGHT CO.
425 Sixth Ave., Pittsburgh, PA, June 7, 1974 filed 250,000 shares of cumulative preferred stock, to be offered at \$100 per share. Proceeds will be used to repay debt incurred for construction. First Boston Corp., NY, will manage the underwriting. V. 219 7397, p. 21.

GENERAL TELEPHONE CO. OF FLORIDA
610 Morgan St., Tampa, FL, June 10, 1974 filed \$50,000,000 of first mortgage bonds, series Q, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. Bids expected at 11 a.m. on July 18. V. 218, p. 1400.

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 stock, on July 17. V. 219 7388, p. 19.

INDIANA & MICHIGAN ELECTRIC CO.
2101 Spy Run Ave., Fort Wayne, IN, May 14, 1974 filed 300,000 shares of cumulative preferred, to be offered at competitive bidding. Proceeds will be used for debt repayment. V. 219 7407, p. 25.

INTERNATIONAL TELEPHONE & TELEGRAPH CORP.
320 Park Ave., NY, June 11, 1974 filed \$150,000,000 of sinking fund debentures due July 1, 1990. The electronics and telecommunications equipment concern will use the proceeds to reduce debts and for general corporate purposes. Kuhn, Laeb & Co.; and Lazard Freres & Co., NY, will manage the underwriting. Offering expected on July 15. V. 217 p. 1080.

IOWA ELECTRIC & 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.

JERSEY CENTRAL POWER & LIGHT CO.
Madison Ave. at Punch Bowl rd., Morristown, NJ, Feb. 14, 1974 filed 200,000 (amended) shares of cumulative preferred, series F, to be offered at competitive bidding. Proceeds will be used to repay debt incurred for construction. V. 218, p. 1069.

MISSISSIPPI POWER & LIGHT CO.
P.O. Box 1640, Jackson, MS, March 27, 1974 filed 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.

NARRAGANSETT ELECTRIC CO.
200 E. Melrose St., Providence, RI, June 11, 1974 filed \$25,000,000 of first mortgage bonds, to be offered at competitive bidding. Proceeds will be used to repay short term debts. Bids expected at 11 a.m. on July 24. V. 219 7394, p. 21.

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.

PENNSYLVANIA POWER & LIGHT CO.
Two North Ninth St., Allentown, PA, June 13, 1974 filed 2,750,000 shares of common, to be offered at \$18.125 per share. Proceeds will be used to repay debt incurred for construction. First Boston Corp.; and Drexel Burnham & Co., Inc., NY, will manage the underwriting. Offering expected July 10.

ROCHESTER TELEPHONE CORP.
100 Midtown Plaza, Rochester, NY, April 18, 1974 filed \$30,000,000 of first mortgage bonds, series H, to be offered at competitive bidding. Proceeds will be used for debt reduction.

SOUTH CAROLINA ELECTRIC & GAS CO.
328 Main St., Columbia, SC, June 11, 1974 filed \$35,000,000 of first & refunding mortgage bonds due July 1, 2004. Proceeds will be used for debt repayment. Kilder, Penbody & Co., Inc., NY, will manage the underwriting. Offering expected July 16. V. 219 7397, p. 21.

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 Kilder, Penbody & Co., Inc., NY, will manage the underwriting. Offering expected July 18. V. 219 7401, p. 23.

WISCONSIN PUBLIC SERVICE CORP.
700 North Adams St., Green Bay, WI, June 28, 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. Offering expected July 10. V. 219 7401, p. 23.

Reg. "A's"

AVANT INDUSTRIES LTD.
P.O. Box 300, Farmingdale, NJ, Feb. 1, 1974 filed a Reg. A covering 200,000 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.
563-58 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 4,186 shares of common, to be offered at \$60 per share.

FORT DAVID LABORATORIES, INC.
14350 N.W. 34th Ave., Ops Locks, FL, Oct. 15, 1973 filed a Reg. A covering 90,000 shares of common, to be offered at \$4 per share. Harish 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.

NUCLEAR SILVER CORP.
Box 700, 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.

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. Binder, Roblins & Co. Inc., NY will manage the underwriting. V.216, p.612.

TELCOA INTERNATIONAL CORP.
16 Church St., Greenwich, CT, Oct. 10, 1973 filed a Reg. A covering 180,000 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 746, 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 July.

Bank Holding Companies

CITICORP.
390 Park Ave., NY, June 19, 1974 filed \$250,000,000 of floating rate notes due 1989, to be offered in denominations of \$1,000 with a minimum investment of \$5,000. The bank holding company of City Bank, will use the proceeds to increase general funds. First Boston Corp.; Goldman, Sachs & Co.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY, will manage the underwriting. Offering expected around July 15.

CONTINENTAL ILLINOIS CORP.
231 South LaSalle St., Chicago, IL, Feb. 21, 1974 filed \$100,000,000 of notes due March 1, 1983, 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. V.218, p.1600.

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.

NORTRUST CORP.
135 South La Salle St., Chicago, IL, March 26, 1974 filed \$20,000,000 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.

Mutual Funds

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 of securities. Advest Co., Hartford, CT, will manage the underwriting. V. 213, p. 1409.

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.

CORPORATE INVESTMENT TRUST FUND,

FOURTH MONTHLY PAYMENT SERIES
100 Gold St., NY, June 7, 1974 filed 8,000 units. The trust consists of a diversified portfolio of long-term corporate debt obligations and contracts to purchase such obligations. Bache & Co., Inc., NY, will manage the underwriting. V. 219 7412, p. 24.

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 July. (I)

FIRST INSURED MUNICIPAL

TRUST FUND, SERIES 1
Van Kampen, Wauterick & 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, Wauterick & 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.

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. 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.

SCUDDER MANAGED RESERVES INC.

10 Post Office Square, Boston, MA, June 10, 1974 filed \$5,000,000 of capital stock, to be offered at \$10 per share. The company is a no-load, diversified, open-end investment company. Scudder, Stevens & Clark, Boston, MA, is the adviser.

TAX-EXEMPT FUND, NATIONAL SERIES 14

One Battery Park Plaza, NY, June 4, 1974 filed 11,250 units, including 3,750 units registered for resale. The fund is a diversified portfolio of interest bearing tax-exempt municipal bonds. E.F. Hutton & Co., Inc., NY, is the depositor. Offering expected July 10.

Issues Filed with SEC this Week

BELL TELEPHONE CO. OF PENNSYLVANIA

One Parkway, Philadelphia, PA, June 21, 1974 filed \$175,000,000 of debentures due July 15, 2014, to be offered at competitive bidding. Proceeds will be used to pay off interim debt in connection with construction of new facilities. Bids expected at noon, on July 15. V. 219 7404, p. 25. (N)

CHICAGO CO.

c-o Harris & Bernstein, 15 East 48th St., NY, June 21, 1974 filed 50 units of pre-formation limited partnership interests, to be offered at \$15,000 per unit. The Proceeds will be used to produce a play, which is a musical adaptation of the original dramatic work entitled "Chicago" by the late Maurine Watkins. (N)

CONTINENTAL WESTERN INDUSTRIES, INC.

11201 Douglas Ave., Des Moines, IA, June 20, 1974 filed \$15,000,000 of senior subordinated notes due 1984, to be offered at \$1,000 per note. The company, through two of its subsidiaries, which is engaged in fire and casualty, and life insurance; the production and distribution of electrical, plumbing, and other building supplies; and the production and distribution of lumber, millwork, and other wood products, will use the proceeds to repay short-term debt indebtedness. Shearson, Hammill & Co.,

Inc., NY; and R.G. Dickinson & Co., Des Moines, IA, will manage the underwriting. (N)

DOW CHEMICAL CO.

2030 Dow Center, Midland, MI, June 18, 1974 filed 5,000 shares of common, to be offered at \$52 per share, purchased by the Dow Corning Corp. and re-offered to its employees. The proceeds will be used to purchase more common from the company. V. 219 7404, p. 24. (N)

FIRST UNITED, INC.

475 Broadway, Gary, IN, June 18, 1974 filed 1,294,288 shares of common, to be offered at \$1.25 per share; and 1,294,288 subscription warrants for rights, offered to the company's shareholders, at the rate of 8-10 share for every share presently held and the right to 8-10 of an additional share, being the unsubscribed shares from the first offering, for each shares held. This insurance holding company, will use the proceeds to retire a \$210,000 debenture issue, to establish a program for financing agents of one of its subsidiaries by providing loans against commissions on first year premiums for new insurance policies. (N)

HANOVER PLANNING CO. INC.

5 Hanover Square, NY, June 21, 1974 filed 2,400 units representing limited partners capital contributions in the 1974 Hanover Drilling Program, series 12, to be offered at \$5,000 per unit; and 26 shares representing general partner initial capital contributions in the 1974 Hanover Drilling Program, series 12, to be offered at \$5,000 per share. Proceeds will be used to finance projects for the exploration of oil and gas. Sethna, Inc., NY, will manage the underwriting. V. 219 7390, p. 18. (N)

INDEPENDENT BANCORP.

315 Nicollet Mall, Minneapolis, MN, June 24, 1974 filed 1,509,391 shares of common, to be offered at \$11.95 per share, in connection with the spinning off of the commercial banking business of Archer-Daniels-Midland Co., on a 1-for-0 basis. (N)

KANSAS CITY LIFE INSURANCE CO.

3520 Broadway, Kansas City, MO, June 24, 1974 filed an undetermined number of variable life insurance policies. The benefit will be at least a minimum insurance benefit and, if greater, will be a variable benefit which will vary daily in relation to the investment experience of a segregated investment account of the company. (N)

MASONITE CORP.

29 North Wacker Drive, Chicago, IL, June 17, 1974 filed 150,168 shares of common, to be offered at \$34.625 per share, by selling shareholders. The company manufactures a broad line of interior and exterior hardboard panel and siding products and conducts sawmill and lumber operations in the southeast U.S. V. 219 7376 p. 18. (N)

MBPXL CORP.

P. O. Box 910, Plainview, TX, June 24, 1974 filed 1,976,853 shares of common, to be offered at \$11 per share, in connection with a merger of Missouri Beef Packers Inc. with Kansas Beef Industries Inc., to form the company. The exchange ratio is: 1 share of MBP for each share of MBPXL; and 1 share of KBI for 47619 share of MBPXL. (N)

MICHIGAN CONSOLIDATED GAS CO.

One Woodward Ave., Detroit, MI, June 25, 1974 filed \$40,000,000 of first mortgage bonds due 1999, to be offered at competitive bidding. This largest natural gas distributor in Michigan, will use the proceeds to retire short term debts and to repay construction costs. Bids expected at 11 a.m. on July 30. V. 219 7401, p. 23. (N)

MID-CONTINENT, INC.

Mid-Continent Bldg., West Memphis, AK, June 19, 1974 filed 25,000,000 shares of common, to be offered at \$2.286 per share, in connection with a merger of the company and Seago Enterprises, Inc., into the newly organized Mid-Continent, Inc., on a 1.2523-for-1 basis. The company provides services for motor carriers and full-service truck stops. Seago, markets gasoline and diesel fuel, mostly in Mississippi, and manufactures and sells lumber products. The surviving corporation will continue the operations of both companies. V. 217, p. 318. (N)

METRO-GOLDWYN-MAYER INC.

10202 West Washington Blvd., Culver City, CA, June 17, 1974 filed \$13,036,400 of 10 per cent subordinated debentures due 1993. The company offers \$3 cash plus \$23 principal amount of the debentures in exchange for each share of common stock. Also \$27,600,000 of 10 per cent subordinated debentures due 1994. The company offers \$650 principal amount of the debentures in exchange for each \$1,000 principal amount of the company's presently outstanding 5 per cent convertible subordinated debentures due 1993. Neither type of the debentures will be convertible. Blyth Eastman Dillon & Co., Inc.; and Dominick & Dominick, Inc., NY, will manage the underwriting. V. 219 7382, p. 18. (N)

MOTION INDUSTRIES INC.

309 Office Park Drive, Birmingham, AL, June 21, 1974 filed 350,000 shares of common, to be offered at \$14.50 per share, (\$25,000 by the company and \$5,000 by selling stockholders). The company, which distributes a wide variety of bearings, mechanical and fluid power transmission equipment and related parts and supplies through 48 sales offices in 9 southern states, will use the proceeds to repay short-term debts and for working capital. J.C. Bradford & Co., Nashville, TN; William Blair & Co., Chicago, IL; and Morgan, Keegan & Co., Inc., Memphis, TN, will manage the underwriting. V. 218, p. 1394. (N)

MUNICIPAL INVESTMENT TRUST FUND, 25TH

MONTHLY PAYMENT SERIES
c-o Merrill Lynch, Pierce, Fenner & Smith, Inc., NY, June 21, 1974 filed 45,000 units. The company will invest in a portfolio of long term state, municipal, and public authority bonds. Proceeds will be used to produce tax-exempt income. Merrill Lynch, Pierce, Fenner & Smith Inc.; Bache & Co., Inc.; and Reynolds Securities Inc., NY, are the depositors. (N)

NATIONAL FARMING PROGRAM — 1974

3320 Woodrow Wilson Drive, Jackson, MS, June 20, 1974 filed 6,000 units of limited partnership interest, to be

offered at \$1,000 per unit. The company will engage in the sales of shell eggs. Proceeds will be used to buy flocks, and supplies. (N)

NORTHERN HOLDING & DEVELOPMENT CO.

101 10700 Highway 55, Minneapolis, MN, June 24, 1974 filed 1,478,860 shares of common, to be offered in connection with a reorganization by which the assets of Medserco, Inc., will be transferred to a subsidiary of the company, on a 2.5-for-1 basis. The company is engaged in the business of investing in undeveloped real estate in Minneapolis, development of such real estate, and in management and brokerage of various properties. Medserco is engaged in providing business and financial consulting and management services to health practitioners and health care organizations. (N)

NUVEEN TAX-EXEMPT BOND FUND, SERIES 59

CHECK-A-MONTH PLAN
209 South LaSalle St., Chicago, IL, June 17, 1974 filed 150,000 units, to be offered at \$105 per unit. The company invests only in tax-exempt (Federal Tax) bonds issued by municipalities, and states. John Nuveen & Co., Inc., Chicago, IL, is the depositor. (N)

PETRO-LEWIS CORP.

1600 Broadway, Suite 1400, Denver, CO, June 24, 1974 filed 500,000 shares of cumulative convertible preferred, series 1; 408,400 shares in exchange for interests in limited partnerships formed in Petro-Lewis Drilling, Oil Income and Natural Gas Program; 41,600 shares in exchange for outstanding share of Petro-Lewis Corp's \$0.44 cumulative convertible preferred stock, series A; and 50,000 shares offered for cash. Also such indeterminate number of shares of common as may be issuable upon conversion of the preferred outlined above. The company, which is engaged in acquiring, exploring, developing and operating oil and gas properties for its account and others, and in evaluating acquiring and selling interests in drilling prospects, will use the proceeds to increase its general funds, and for working capital. Bateman Eichler, Hill Richards, Inc.; Los Angeles, CA, will manage the underwriting. (N)

ROBLIN INDUSTRIES

290 Main St., Buffalo, NY, June 18, 1974 filed 236,080 shares of common, to be offered at \$2.125 per share, in connection with a conversion of the company's class B stock, which may be sold from time to time by the shareholders. The company manufactures and sells metal building products, food handling equipment, and steel alloy products. V. 219 7419, p. 20. (N)

SOUTHEAST BANKING CORP.

1100 South Biscayne Blvd., Miami, FL, June 21, 1974 filed 175,000 shares of common, to be offered in connection with a proposed acquisition of the Bank of New Smyrna, at New Smyrna Beach, FL on a 1.75-for-1 basis. Bank of Smyrna is a bank holding company. (N)

SOUTHEAST BANKING CORP.

100 South Biscayne Blvd., Miami, FL, June 21, 1974 filed 42,000 shares of common, to be offered in connection with a proposed acquisition of The Sebastian River Bank, of Sebastian, FL, on a 3.5-for-1 basis. (N)

SOUTHERN BANCORP.

112 North 20th St., Birmingham, AL, June 20, 1974 filed 42,000 shares of common, to be offered at \$21.50 per share, in connection with a merger with the Farmers Bank of Anderson, AL, on a 7-for-1 basis. V. 219 7412, p. 48. (N)

SPIRITS OF SCOTLAND

2010 Pacific Bldg., Seattle, WA, June 17, 1974 filed unspecified amount (according to warehouse receipts) of scotch whiskey, located in Scotland, with a minimum investment of \$3,000. (N)

TCG CORP.

Trust Co. of Georgia Bldg., One Pryor St., N.E. Atlanta, GA, June 19, 1974 filed 4,320,000 shares of common, to be offered at \$41.50 per share, in connection with a merger of Atlanta Interim Bank into Trust Co. of Georgia, and then the latter into the company. The exchange rate is on a 1-for-1 basis. The company is a bank holding company. (N)

TEACHERS SERVICE ORGANIZATION INC.

1104 Philadelphia Pike, Wilmington, DE, June 21, 1974 filed \$25,000,000 of 6½ per cent demand subordinated thrift certificates; 6½ per cent one year subordinated thrift notes; 7 per cent one year subordinated thrift notes; and 7½ per cent two year subordinated thrift notes. The company, which is engaged primarily in the business of making loans to school teachers, in Pennsylvania, will use the proceeds to repay debt. (N)

WEIL-MCLAIN CO. INC.

June 19, 1974 filed 361,326 shares of common, to be offered at \$7.875 to \$28.50 per share. (N)

WESTERN HOST PROPERTY TRUST

21031 Ventura Blvd., Woodland Hills, CA, June 19, 1974 filed 20,000 shares of beneficial interests, to be offered at a maximum of \$1,000 per interest. The company, which owns and operates motor hotels and related restaurant facilities, will use the proceeds for interim investments and for the construction of motor hotels and restaurant facilities. (N)

XEROX CORP.

Stamford, CT, June 19, 1974 filed 506,756 shares of common, to be offered at \$118.25 per share, in connection with the conversion of the company's 5 per cent debentures due Dec. 1, 1988. V. 219 7419, p. 20. (N)

Read the Commercial and Financial Chronicle

Effective Registrations

BRONWEN CORP.

Gold & Minerals Corp. 330,000 shares of common offered at \$2.50 per share, on June 24, by Bronwen Corp., Washington, D.C. V. 219 7409, p. 23.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Federal National Mortgage Association \$300,000,000 of 8.95 per cent debentures, series SM-1978-E, due Dec. 11, 1978; and \$200,000,000 of 8½ per cent debentures, series SM-1982-D, due March 10, 1982, both issues are non-callable and were offered at 100 per cent, on June 26, by Peter J. Carney, Jr., Fiscal Agent, NY, with the assistance of a nationwide selling group of recognized dealers in securities. V. 219 7415, p. 26.

FIRST BOSTON CORP.

Baltimore Gas & Electric Co. \$100,000,000 of 10 per cent first refunding mortgage bonds due July 1, 1982, rated Aa by Moodys and AA by Standard & Poors, offered at 100 per cent, plus accrued interest, on June 27, by First Boston Corp. NY. V. 219 7417, p. 27.

JOHN NUVEEN & CO. INC.

Nuveen Tax-Exempt Bond Fund Series 58 Check-A-Month Plan \$30,000,000 of units, with a minimum investment of 50 units, on June 26, by John Nuveen & Co., Inc., NY. V. 219 7419, p. 21.

LEHMAN BROTHERS INC.

Long Island Lighting Co. \$60,000,000 of 10 per cent first mortgage bonds, series y, due 1981, rated Aa by Moodys and AA by Standard & Poors & Fitch, offered at 100 per cent, plus accrued interest, on June 21, by Lehman Brothers Inc.; and First Boston Corp., NY. V. 219, 7412, p. 23.

MERRILL LYNCH, PIERCE, FENNER & SMITH INC.

Southern Pacific Transportation Co. \$15,000,000 of 9 per cent equipment trust certificates, rated Aa by Moodys and AA by Standard & Poors, offered to yield 9 per cent for those due in 1975 to 9.15 per cent for those maturing in 1989, on June 25, by Merrill Lynch, Pierce, Fenner & Smith Inc., NY; and Halsey, Stuart & Co., Inc., Chicago, IL. V. 219 7376, p. 21.

MORGAN STANLEY & CO. INC.

Pacific Telephone & Telegraph Co. \$250,000,000 of 9½ per cent debentures due June 15, 2011, rated Aaa by Moodys and AA by Standard & Poors, offered at 100 per cent, plus accrued interest, on June 25, by Morgan Stanley & Co., Inc.; White, Weld & Co., Inc.; Goldman, Sachs & Co.; Kidder, Peabody & Co., Inc., NY; Dean Witter & Co., Inc., San Francisco, CA; and Dillon Read & Co., Inc., NY. V. 219 7419, p. 20.

MORGAN STANLEY & CO. INC.

Virginia Electric & Power Co. \$75,000,000 of 10½ per cent first and refunding mortgage bonds, series DD, due July 1, 1983, rated A by both Moodys and Standard & Poors, offered at 100 per cent, plus accrued interest, on June 26, by Morgan Stanley & Co., Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY. V. 219 7417, p. 28.

PRESCOTT BALL TURBEN

PBT Tax-Exempt Bond Fund 4,000 units offered at \$1,021.80 per unit, on June 26, by Prescott Ball Turben, Cleveland, OH. V. 219 7412, p. 24.

SECURITIES INC.

Petroleum Inc. \$12,000,000 of pre-formation partnership interests, offered at \$10,000 per interest, with a minimum investment of \$5,000,000, on June 10, by Securities Inc., Wichita, KS. V. 219 7376, p. 19.

THOMSON & MCKINNON AUCHINCLOSS

KOHLMEYER INC.
MGF Oil Corp. 6,000 units of limited partnership interests, offered at \$1,000 per unit, with a minimum purchase of 5 units, on June 14, by Thomson & McKinnon Auchincloss Kohlmeyer Inc., NY. V. 219 7384, p. 25.

UNTERBERG (C.E.) TOWBIN CO.

Modular Computer Systems Inc. \$10,000,000 of 8½ per cent junior convertible subordinated debentures due 1994, offered at 100 per cent, plus accrued interest, on June 27, by Unterberg (C.E.) Towbin Co., NY; and Hambrecht & Quist, San Francisco, CA. V. 219 7419, p. 20.

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.

ATLANTIC CITY ELECTRIC CO. (10-23)
June 24, 1974 it was reported that this company, in addition to the sale of preferred, plans the sale of about \$15,000,000 of common, via rights. Method of sale is to be determined. Underwriters — Competitive bidding. V. 218, p. 1215.

BLACK & DECKER MANUFACTURING CO.
June 24, 1974 it was reported that this company plans the sale of 1,200,000 shares of common. Underwriters — Lehman Brothers, Inc., NY. Offering expected in late July or early August. V. 219, 7376, p. 18.

BOSTON EDISON CO. (7-24)
June 24, 1974 it was reported that this company plans the sale of about \$75,000,000 of first mortgage bonds. Underwriter — Blyth Eastman Dillon & Co., Inc., NY. Offering expected July 24. V. 219 7407, p. 25.

CENTRAL ILLINOIS LIGHT CO (10-8)
June 24, 1974 it was reported that this company plans the sale of about 200,000 shares of preferred stock. Underwriter — Competitive bidding. Bids expected on Oct. 8. V. 219 7417, p. 28.

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.

CONSUMERS POWER CO.
June 10, 1974 it was reported that this company plans the sale of about \$50,000,000 of preferred stock, sometime in late July. Method of sale is to be determined. 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.; and W.E. Hutton & Co., Inc., NY. Offering expected Aug. 14. V. 218, p. 1436.

FLORIDA TELEPHONE CORP.
June 3, 1974 it was reported that this company plans the sale of \$30,000,000, 30-year first mortgage bonds, sometime in October. Underwriter — Kidder, Peabody & Co., Inc., NY. V. 217, p. 439.

GENERAL TELEPHONE CO. OF THE SOUTHWEST (8-8)
June 24, 1974 it was reported that this company plans the sale of \$35,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at 11 a.m. on Aug. 8. V. 219, 7386, p. 19.

GOLDEN CYCLE CORP.
June 24, 1974 it was reported that this company plans to sell about 400,000 shares of common stock, late this year. Underwriter — Allen & Co., NY. V. 219 7411, p. 23.

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.

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.

INDIANAPOLIS POWER & LIGHT CO. (8-8)
June 10, 1974 it was reported that this company plans the sale of \$60,000,000 of 30-year first mortgage bonds. Underwriters — Lehman Brothers Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY. Offering expected Aug. 8. V. 219 7394, p. 21.

IOWA POWER & LIGHT CO. (7-31)
June 24, 1974 it was reported that this company plans the sale of about \$12-\$13,000,000 of common. Underwriter — Competitive bidding. Bids expected on July 31. V. 219, 7412, p. 22.

IOWA POWER & LIGHT CO. (7-31)
June 24, 1974 it was reported that this company, in addition to the sale of common, plans the sale of about \$20,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on July 31.

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.

MCDONALD'S CORP.
June 24, 1974 it was reported that this company plans the sale of \$15,000,000 of debentures, and 700,000 shares of common. Underwriter — expected to be Paine, Webber, Jackson & Curtis Inc., NY. V. 219 p. 999.

MEDTRONIC INC.
June 17, 1974 it was reported that this company plans the sale of about \$15,000,000 of common. Underwriters — White, Weld & Co., Inc., NY; Dain, Kalman & Quail, Inc., Minneapolis, MN; and Smith, Barney & Co. Inc., NY. Offering expected late July.

MISSOURI POWER & LIGHT W CO. (11-19)
June 24, 1974 it was reported that this company plans the sale of \$7,000,000 of 30-year first mortgage bonds. Underwriter — Competitive bidding. Bids expected on Nov. 19. V. 218, p. 217.

MOUNTAIN STATES TELEPHONE & TELEGRAPH CO. (8-4)
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. (9-4)
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 POWER CO.
June 10, 1974 it was reported that this company plans to sell \$40,000,000 of first mortgage bonds, and \$20,000,000 of preferred stock, sometime in late 1974. Underwriter — Competitive bidding. V. 218, p. 1722.

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.

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.

NORTHWESTERN MUTUAL LIFE MORTGAGE REALTY INVESTORS
June 24, 1974 it was reported that this company plans the sale of 4,000,000 shares of a new class of preferred. Method of sale is to be determined.

OHIO EDISON CO. (8-19)
June 17, 1974 it was reported that this company plans the sale of \$150,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at noon on August 19. V. 219, 7407, p. 24.

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 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.

PHILADELPHIA ELECTRIC CO. (12-10)
June 24, 1974 it was reported that this company plans the sale of \$100,000,000 of long term bonds. Underwriter — Competitive bidding. Bids expected at noon on Dec. 10. V. 219 7417, p. 42.

PORTLAND GENERAL ELECTRIC CO. (9-19)
June 10, 1974 it was reported that this company plans to offer \$35,000,000 of bonds, and \$27,000,000 of common. Underwriter — Expected to be Blyth Eastman Dillon & Co., Inc., NY. V. 219 7394, p. 21.

PUBLIC SERVICE CO. OF NEW MEXICO (10-8)
June 24, 1974 it was reported that this company plans the sale of \$30,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected at 11 a.m. on Oct. 8. V. 219, 7404, p. 25.

ROCHESTER GAS & ELECTRIC CO.
June 24, 1974 it was reported that this company plans the sale of 200,000 new common shares of common in October. Method of sale is to be determined. V. 218, p. 1215.

ROCHESTER GAS & ELECTRIC CORP. (8-7)
June 10, 1974 it was reported that this company plans the sale of about \$35,000,000 of first mortgage bonds. Underwriter — Competitive bidding. Bids expected on Aug. 7. V. 218, p. 1215.

SAN DIEGO GAS & ELECTRIC CO. (11-19)
June 10, 1974 it was reported that this company plans to sell about 1,700,000 shares of common. Underwriters — Expected to be Merrill Lynch, Pierce, Fenner & Smith Inc.; and Blyth Eastman Dillon & Co., Inc., NY. Offering expected Nov. 9. V. 219 7390, 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 NEW ENGLAND TELEPHONE CO. (12-3)
June 17, 1974 it was reported that this company plans the sale of about \$75,000,000 of debentures. Underwriter — Competitive bidding. Bids expected on Dec. 3.

TENNESSEE VALLEY AUTHORITY (7-16)
May 20, 1974 it was reported that this company plans the sale of \$100,000,000 of power bonds. Underwriter — Competitive bidding. Bids expected on July 16 at 11 a.m. V. 219 7402, p. 24.

TUCSON GAS & ELECTRIC CO. (8-13)
June 10, 1974 it was reported that this company plans to sell 1,800,000 shares of common. Underwriters — Blyth Eastman Dillon & Co., Inc.; and First Boston Corp., NY. Offering expected Aug. 13. V. 219 7376, p. 22.

UNION ELECTRIC CO. (12-3)
May 20, 1974 it was reported that this company plans to sell about \$50,000,000 of common. Underwriters — Merrill Lynch, Pierce, Fenner & Smith Inc.; and Lehman Brothers Inc., NY. Offering expected on Dec. 3. V. 219 7404, p. 25.

UNITED TELEPHONE CO. OF FLORIDA
June 10, 1974 it was reported that this company plans the sale of \$20,000,000 of 30-year first mortgage bonds, in November. Underwriter — Kidder, Peabody & Co. Inc., NY. V. 218, p. 1407

VIRGINIA ELECTRIC & POWER CO. (8-6)
May 30, 1974 it was reported that this utility plans to sell 4,000,000 shares of common stock. Underwriters — Morgan Stanley & Co. Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY. Offering expected August 6. V. 219 7401, p. 23.

VIRGINIA ELECTRIC & POWER CO. (8-12)
June 10, 1974 it was reported that this company plans to sell about 4,000,000 shares of common. Underwriters — Morgan Stanley & Co. Inc.; and Merrill Lynch, Pierce, Fenner & Smith Inc., NY. V. 219 7412, p. 24.

WISCONSIN ELECTRIC POWER CO. (8-7)
June 24, 1974 it was reported that this company plans the sale of 1,500,000 shares of common. Underwriters — Merrill Lynch, Pierce, Fenner & Smith Inc.; Salomon Brothers, NY; and Robert W. Baird & Co., Milwaukee, WI. Offering expected Aug. 27.

WISCONSIN GAS CO.
June 24, 1974 it was reported that this subsidiary of American Natural Gas Co. plans to raise about \$18,000,000 through the sale of bonds and preferred stock, in October. Underwriter — Competitive bidding.

WISCONSIN POWER & LIGHT CO.
June 24, 1974 it was reported that this company plans the sale of about \$15,000,000 of preferred in September. Underwriter — Competitive bidding. V. 219, 7399, p. 27.

WISCONSIN PUBLIC SERVICE CO. (7-9)
May 20, 1974 it was reported that this company plans the sale of 150,000 shares of preferred stock. Underwriter — Merrill Lynch, Pierce, Fenner & Smith Inc., NY, managed a previous offering of preferred for the company. Offering expected on July 9. V. 218, p. 1760.

WISCONSIN PUBLIC SERVICE CORP. (7-10)
May 28, 1974 it was reported that this company plans the sale of 1,000,000 shares of common. Underwriter — expected to be Merrill Lynch, Pierce, Fenner & Smith Inc., NY. Offering expected on July 10. V. 219 7392, p. 18.

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
Bowers & Huddy Galleries, Inc.	Sept. 3, 1973
Capehart Hospital Supply Co. Inc.	Sept. 3, 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
Hartman Group Second Fund, Ltd.	Nov. 10, 1973
Hydro Technology Inc.	Oct. 6, 1973
Inatrome Fragrance Corp.	Jan. 22, 1973
Lexington Income Fund, Inc.	Sept. 3, 1973
Oil Interest Ltd.	Oct. 6, 1973
Pacific Coast Investors	Sept. 23, 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
Sunbanc Corp.	Sept. 3, 1973
Titleresearch, Inc.	Sept. 3, 1973
Vista Labs Inc.	Oct. 6, 1973
Zandervan Corp.	Oct. 6, 1973

Letters

To The Editor:
In your lead article on June 17, 1974 you indicated that under the Clean Air and Water Act a business is able to use tax exempt bonds to finance the purchase and installation of pollution control equipment.

I have had several clients express an interest in this possibility, but so far I have been unable to find that portion of the law which authorizes the issuance of tax-exempt bonds to finance such arrangements. They, and we, are familiar with the issuance of such bonds by state and municipal agencies but we are unable to find any information which would extend this to private corporations or to even quasi-public utilities.

If you could, I would appreciate any information on this point as there is great interest in this. Specifically, I would appreciate your sending me a copy of the law setting this up, or a citation to same.

Joe P. Whitener
Attorney and Counsellor at Law
Hickory, No. Carolina.

Editor's Note: The applicable Law can be found in Section 103 subsections (c), (4), (F) of the Internal Revenue Code.

Profits average 5.6 cents for some

Manufacturers profits in the first quarter of 1974 averaged 5.6 cents per dollar of sales, the same level as a year earlier, The Federal Trade Commission reported.

The commission, which releases quarterly figures on after-tax profits reported by U.S. manufacturing companies, said the annualized rate of return for the first three months of this year was also the same as in 1973 at 14.3 per cent.

Duriron Co. reports \$1.89 earnings

Duriron Co. Inc. reported 1973 net earnings of \$2,668,452 or \$1.89 cents a share on revenues of \$51,806,587. This compares with net earnings in 1972 of \$41,992,192 or \$1.51 a share on revenues of \$41,992,192.

The company's book value has increased from \$16.52 in 1972 to \$17.67. A advertisement in last week's edition of the Chronicle containing these figures showed them in reverse order. The Chronicle regrets any inconvenience caused by this error.

Indexing

Continued from page 35

inflation's burdens, some of which have already been partially offset by market adjustments or statutory provisions.

Even more serious in an equity sense is that indexing would serve to cut tax liabilities for the victims of inflation without boosting tax liabilities for beneficiaries like debtors.

And, it is worth underscoring that indexing, by providing more efficient "conductors" of inflation, would heighten the inflationary impact of outside shocks like the quadrupling of Arab oil prices and thus throw a heavier burden on conventional monetary, fiscal, and wage-price policies. They are having a hard enough time trying to curb existing inflation without making them compensate for indexation too.

All of this does not rule out a useful, though limited, role for indexation in the U.S. economy. As the Social Security and food stamp examples illustrate, it has definite attractions as a means of buffering the incomes of groups who have no built-in protection against inflation.

And the federal government might want to remove legal barriers to private indexation arrangements, or even issue an indexed security itself. Such additional assets might be welcome—they would enable one to respond efficiently to differential expectations of future inflation among investors and thereby to reduce nominal interest rates.

A case can also be made for cost-of-living escalators in wage bargains, especially when an ebbing of inflationary forces is anticipated.

But even with the best of intentions and the most perfect of applications, indexing cannot lay claim to either neutrality or nonintervention. It does not do away with market power and political power. Indeed, by its very caricature of that proposition, the Brazilian experience should bring this point home with great clarity.

New Issue Calendar as of July 1, 1974

JULY 1 (MONDAY)

Ansul Co.
(Smith, Barney & Co. Inc.) 330,000 common.
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)

Citicorp.
(First Boston Corp.; Goldman Sachs & Co.; Merrill Lynch, Pierce, Fenner & Smith Inc.) \$850,000,000 notes.
Columbia Gas System Inc.
(Bids at noon) 1,000,000 preferred.
Honeywell Finance Inc.
(Blyth Eastman Dillon & Co., Inc.; White Weld & Co., Inc.) \$75,000,000 debentures.
Texstar Corp.
(Faulkner, Dawkins & Sullivan Securities Corp.) \$5,193,750 debentures.
Todd Industries Inc.
(Anchor Securities Inc.) 320,000 common.
Union Corp.
(Arthur R. Hefren & Co. Inc.) 143,476 common.

JULY 9 (TUESDAY)

Atchison Topeka & Sante Fe Railway
(Salomon Brothers) \$15,000,000 certificates.

JULY 10 (WEDNESDAY)

Northern States Power Co. MN
(Bids at 11 a.m.) \$30,000,000 preferred.
Pennsylvania Power & Light Co.
(First Boston Corp.; Drexel Burnham & Co. Inc.) \$50,000,000 common.
Province of Newfoundland
(Merrill Lynch, Pierce, Fenner & Smith Inc.; Burns Bros. & Timmins Inc.; Greenshield & Co. Inc.) \$50,000,000 debentures.
Standard Oil Co. of IN
(Morgan Stanley & Co. Inc.) \$300,000,000 debentures.
Tax-Exempt Fund, National Series 14
(E.F. Hutton & Co., Inc. 11,250 units.
Texas & Pacific Railway
(Salomon Brothers) \$11,550,000 certificates.
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.
Extractable Resources Inc.
(Bache & Co., Inc.; Harris, Upham & Co. Inc.) 5,000,000 common.
Iowa Electric Light & Power Co.
(Bids at 11 a.m.) \$30,000,000 bonds.

JULY 15 (MONDAY)

Bell Telephone Co. of Pennsylvania
(Bids at noon) \$175,000,000 debentures.
Homco International Inc.
(Rauscher Pierce Securities Corp.) 580,000 common.
International Telephone & Telegraph Corp.
(Kuhn, Loeb & Co.; Lazard Freres & Co.) \$150,000,000 debentures.
Teleded Corp.
(Edwards & Hanly) 280,000 common.

JULY 16 (TUESDAY)

Potomac Electric Power Co.
(Merrill Lynch, Pierce, Fenner & Smith Inc.) 4,000,000 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.
(Bids at 11 a.m.) \$150,000,000 bonds.
Georgia Power Co.
(Bids at noon) 600,000 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.) 1,000,000 common.

JULY 22 (MONDAY)

Information Magnetics Corp.
(New York Securities Co. Inc.; Seidler, Arnett, Spillane & Harris, Inc.) 484,000 common.
Puget Sound Power & Light Co.
(Merrill Lynch, Pierce, Fenner & Smith Inc.) \$14,000,000 common.

JULY 24 (WEDNESDAY)

Atlantic City Electric Co.
(Blyth Eastman Dillon & Co., Inc.) \$20,000,000 preferred.
Boston Edison
(Blyth Eastman Dillon & Co., Inc.) \$75,000,000 debentures.
Narragansett Electric Co.
(Bids at 11 a.m.) \$25,000,000 debentures.

JULY 25 (THURSDAY)

Texas & Pacific Railway
(Salomon Brothers) \$11,550,000 certificates.

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 debentures.

AUGUST 8 (THURSDAY)

General Telephone Co. of the Southwest
(Bids at 11 a.m.) \$35,000,000 bonds.
Indianapolis Power & Light Co.
(Lehman Brothers, Inc.) \$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 15 (THURSDAY)

Metroflight Inc.
(Willis E. Burnside & Co. Inc.) 1,250,000 common.

AUGUST 19 (MONDAY)

Ohio Edison Co.
(Bids at noon) \$150,000,000 bonds.

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.
Missouri Pacific Railroad
(Salomon Brothers) \$13,050,000 certificates.
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) \$18-185,000,000 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)

Niagra Mohawk Power Corp.
(Bids at 11 a.m.) \$60,000,000 preferred.
Portland General Electric Co.
(Blyth Eastman Dillon & Co. Inc.) \$35,000,000 bonds.
Portland General Electric Co.
(Blyth Eastman Dillon & Co. Inc.) \$27,000,000 common.

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)

Central Illinois Light Co.
200,000 preferred.
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)

Atlantic City Electric Co.
\$15,000,000 common.
Pacific Power & Light Co.
(Bids at noon.) \$60,000,000 bonds or preferred.

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)

Missouri Power & Light Co.
(Bids to be received) \$7,000,000 bonds.
San Diego Gas & Electric Co.
\$22,000,000 common.

DECEMBER 3 (TUESDAY)

Southern New England Telephone Co.
\$75,000,000 debentures.
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 (TUESDAY)

Tennessee Valley Authority
(Bids at 11 a.m.) \$100,000,000 bonds.

Municipal Bond Club of New York

41st Annual Field Day

May 17, 1974

Westchester Country Club, New York



PRESIDENT
Alfred J. Bianchetti
Dean Witter & Co.,
Incorporated



VICE PRESIDENT
Walter W. Niebling
Merrill Lynch, Pierce,
Fenner & Smith Incorporated



SECRETARY
Stephen J. Kenny
Merrill Lynch, Pierce,
Fenner & Smith Incorporated



TREASURER
John P. Devine
Chase Manhattan Bank



GOVERNOR
Edward L. Brown
Marine Midland Municipals Co.



GOVERNOR
William M. Marlin
Halsey, Stuart & Co., Inc.



GOVERNOR
Scott Pierce
G. H. Walker, Laird
Incorporated



GOVERNOR
Theodore P. Swick
White, Weld & Co.,
Incorporated



Rolly Morton, Altgelt & Co., Inc., New York; O. V. Cecil (retired); James Abrams, Allen & Company, New York; Jerome Tripp, Tripp & Co., Inc., New York



Bruce Hydahl, Lehman Brothers, Inc., New York; George Plender, Kuhn, Loeb & Co., New York; Donald Bova, Wertheim & Co., Inc., New York



Ned Hess, Cantor, Fitzgerald & Co., Inc., New York; Richard Molligan, Robert Garrett & Sons, Inc., Baltimore; James Ryan, Thomson & McKinnon, Auchincloss Kohlmeier Inc., New York; Donald Motine, Motin & Co., Inc., New York



Al Johnson, Morgan Guaranty Trust Company, New York; Frank Rutowski, Donaldson, Lufkin & Jenrette Securities Corp., New York; Jack Schum, First National Bank of Chicago, New York; James Bauman, L. F. Rothschild & Co., New York



John Toolan, Herblower & Weeks-Hemphill, Noyes, Inc., New York; William Victor, E. F. Hutton & Company, Inc., New York; William Deegan, L. F. Rothschild & Co., New York; Norman Schvey, Merrill Lynch, Pierce, Fenner & Smith Inc., New York

Malvern Hill & Company

Incorporated
Municipal Bonds

150 Broadway, New York, N.Y. 10038

Telephone: (212) 349-4415

BROKERS

in
STATE, MUNICIPAL
and
PUBLIC REVENUE BONDS

Clifford Drake & Company, Inc.

116 John Street, New York, N.Y. 10038

Telephone
964-4545

Teletype
212 571-1872

FITCH

MUNICIPAL BOND RATINGS

Domestic and Foreign
The QUALITY of the report makes for a
"Dependable Quality Rating"
Tax Exempt "Tiered Ratings"

(Send for complimentary material relative to "Tiered Ratings")

MUNICIPAL • STATE • REVENUE
POLLUTION CONTROL • HOUSING
INDUSTRIAL REVENUE • COLLEGE DORMITORY
CANADIAN MUNICIPALS AND PROVINCES
NON-PROFIT HOSPITAL BONDS

GROUP 1
(Accepted As Investments)
INVESTMENT GRADES

AAA—Maximum Safety
AA—High Grade
A—Good Grade
BBB—Medium Grade

SEMI-INVESTMENT GRADES

BB—Fair
B—Speculative

GROUP 2
(Not Acceptable)
SPECULATIVE GRADES

CCC—Best of Group
CC—Intermediate
C—Lowest of Group

GROUP 3
LOWER GRADE OF DEFAULT
SITUATIONS

DDD—Value Indicated Low
DD—Value Small or Slight
D—Value Indicated Nil

FITCH MUNICIPAL BOND RATINGS

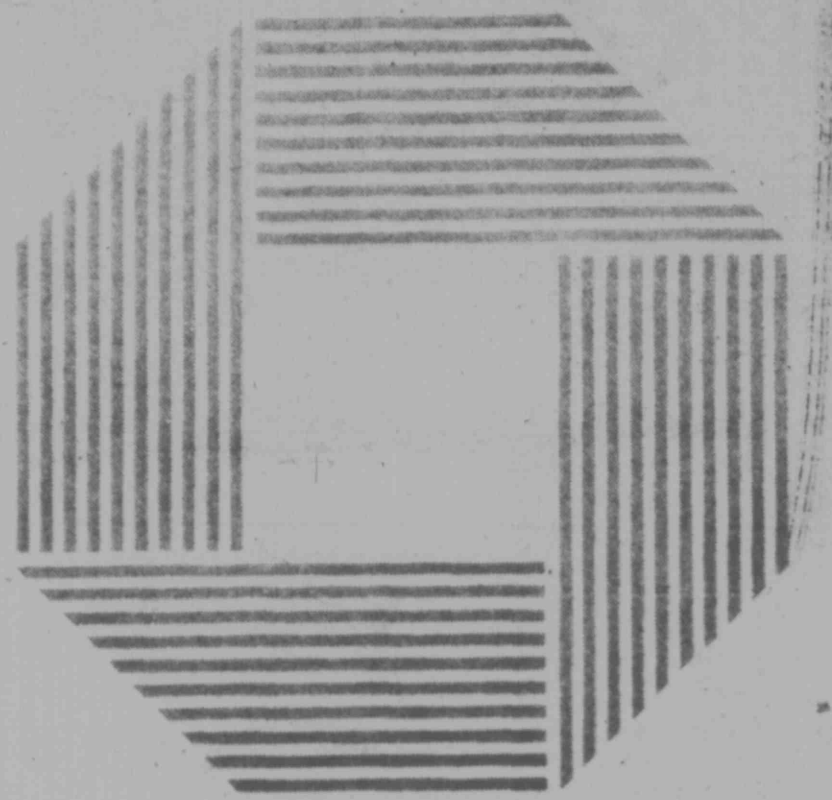
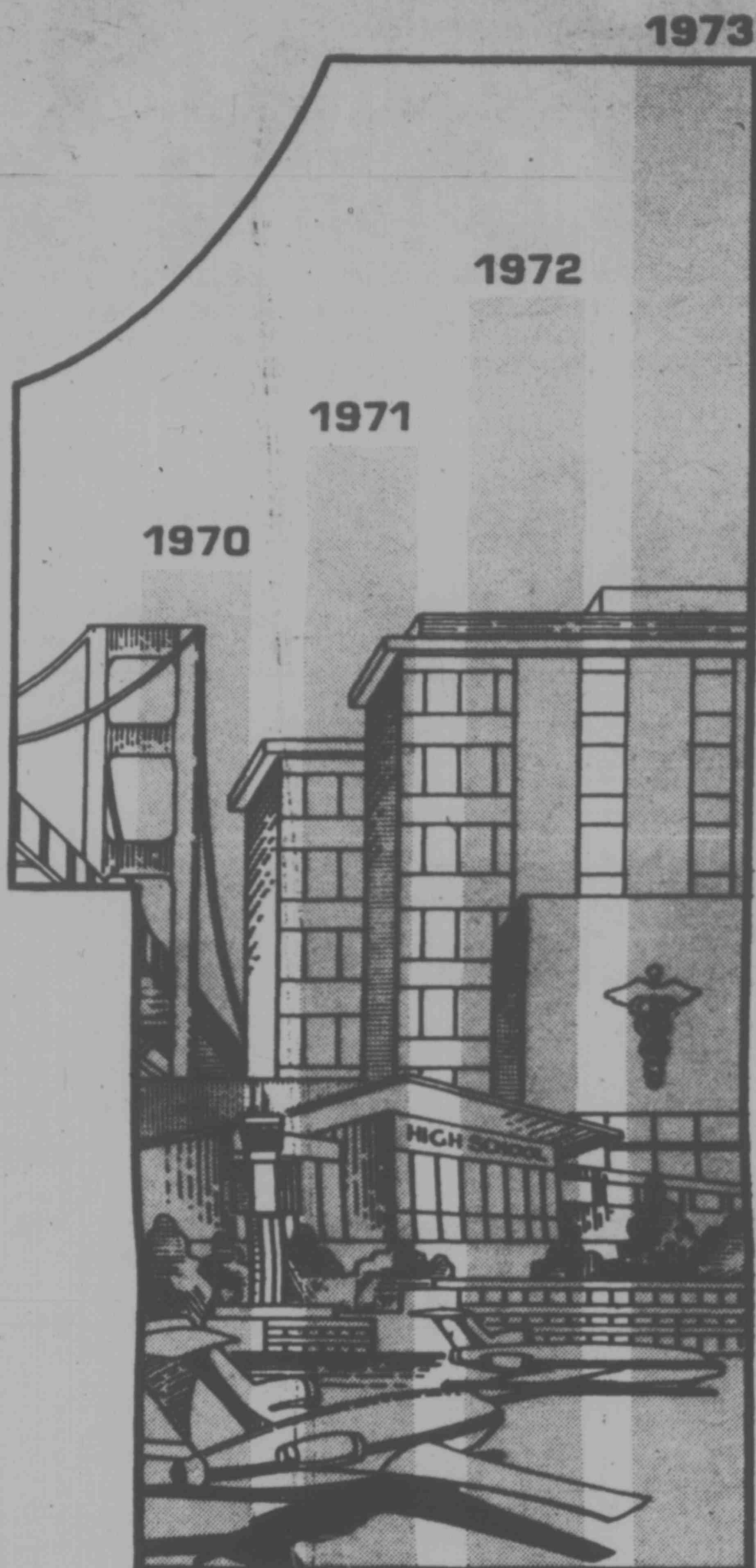
TWELVE BARCLAY STREET, NEW YORK, N.Y. 10007

DAVID M. BREEN, Manager

Direct Tel. 212-964-4500

FITCH QUALITY MUNICIPAL BOND RATINGS SINCE 1940

DIVISION OF FITCH INVESTORS SERVICE, INC.



Year after year, The Chase Manhattan Bank is the nation's number one underwriter of tax-exempt general obligation bonds and notes.

Call us first, therefore, any time you're in the market for municipals, governments or government agencies.

MUNICIPAL BOND DIVISION
TAX EXEMPT NOTE DIVISION
GOVERNMENT BOND DIVISION

**THE
CHASE
MANHATTAN
BANK**

National Association
1 Chase Manhattan Plaza, New York, N.Y. 10015
Telephone: 212-552-8931
Teletype: 710-587-5897 and 5648



James Bauman, L. F. Rothschild & Co., New York; Jack Devine, Chase Manhattan Bank, New York; Chester Viale, L. F. Rothschild & Co., New York; M. John Demerjian, L. F. Rothschild & Co., New York; William Deegan, L. F. Rothschild & Co., New York



John Phillips, First Boston Corp., New York; Jack Bingham, Thomson & McKinnon Auchincloss Kohlmeyer, Inc., New York; Thomas Ambrosio, Loeb, Rhoades & Co.; John Eger, First Wisconsin National Bank, Milwaukee



Julius Caccopola, Bankers Trust Company, New York; George Gibbons, Geo. B. Gibbons & Co., Inc., New York; Philip Smith, Jr., Kuhn, Loeb & Co., New York; James W. Forsyth, Harris Trust & Savings Bank, New York; Frank Tobin, J. C. Bradford & Co., New York

Bond Specialists in

*General Market Municipals
New York State and New York City
New York Port and Triborough Bridge
Turnpike and Revenue
Industrial Revenues
New Housing Authority (PHA)*

**barr
brothers
& co.**

incorporated

Established 1913
40 Wall Street, New York, N.Y. 10005
Tel: (212) 269-4500 TWX: 212-571-0760

STATE,
MUNICIPAL
AND
PUBLIC
AUTHORITY
BONDS

underwriters · distributors · dealers

STERN, LAUER & CO.

MEMBERS NEW YORK STOCK EXCHANGE, INC.
120 BROADWAY New York, N.Y. 10005

The Allen Approach

Allen & Company has managed or participated in some of the nation's largest and most complex municipal bond underwritings. Bridges, highway systems, power plants, airports, marinas, you name it. We've handled them all successfully.



So you could say experience is an important part of The Allen Approach. And you'd be right. But only partially. Because you can't build a record of success, such as ours in the tax-exempt field, by meeting each new challenge on the basis of past experience.

We've found that every major underwriting has its own special problems. Either in basic planning, or timing, or investor acceptance, or distribution. And these call for the kind of inventive financing that's an Allen & Company specialty. We find

creative, sound solutions to the tough, ever-changing problems of public finance.

And that's The Allen Approach. Does it work? Just look at the record.

If you're a dealer who would like to talk about financing problems in your area, give us a call. We're easy to approach.

ALLEN & COMPANY

MUNICIPAL DEPARTMENT
Established 1922
30 Broad Street, New York 10004
Telephone: HAnover 3-3600

HERBERT J. SIMS & CO., INC.

Established 1935

Municipal Bonds

77 Water Street, New York, N.Y. 10005
Telephone (212) 248-5600

Insider Trading-- Markets Page



George Fleig, Continental Illinois National Bank & Trust Co., New York; Robert Mullens, J. J. Kenny Co., Inc., New York; Alfred Bianchetti, Dean Witter & Co., Inc., New York



James Abrams, Allen & Company, New York; Kenneth Ebbitt, Shelby Cullom Davis & Co., New York; Thomas McCormick, Valeriano & Craig, New York



Arthur Bender, Roosevelt & Cross, Inc., New York; William Deegan, L. F. Rothschild & Co., New York; Joseph Schwarz, Stone & Webster Securities Corp., New York



Lauren Miralia, Municipal Bond Issuers Association, New York; James Denon, Roosevelt & Cross, Inc., New York; John Dighton, Roosevelt & Cross, Inc., New York



Daniel O'Day, Geo. B. Gibbons & Co., Inc., New York; Russell Ergood, Ergood & Co., Haddonfield, N. J.; Daniel Whitlock



John Barnes, White, Weld & Co., Inc., New York; John Clayton, First National Bank in Dallas, Dallas; Eric Showers, Faulkner, Dawkins & Sullivan, Inc., New York



Joseph Maloney, Mudge, Rose, Guthrie & Alexander, New York; Kenneth Ebbitt, Shelby Cullom Davis & Co., New York; William Cannon, Mudge, Rose, Guthrie & Alexander, New York



John Truel, First National Bank & Trust Co., Oklahoma City; Ralph Elam, Sweney Cartwright & Co., Columbus, Ohio; Fred Hartfield, G. W. Racasi, Inc., New York



Paul Sipp, Stern, Lauer & Co., New York; Charlton Yarnall, Yarnall, Biddle & Co., Philadelphia; Robert Krumm, W. H. Morton & Co., New York



Theodore Swick, White, Weld & Co., Inc., New York; Alfred Bianchetti, Dean Witter & Co., Inc., New York

**Read Elliot Janeway
on the Opinion Page**

CHEMICAL BANK

**Dealers in
U.S. GOVERNMENT,
STATE, MUNICIPAL
and PUBLIC HOUSING
SECURITIES**

BOND DEPARTMENT
20 PINE STREET, NEW YORK 10015

GOVERNMENT BONDS
TEL: 770-2670
TWX: 710-581-4800 & 4801

MUNICIPAL BONDS
TEL: 770-2661
TWX: 710-581-4802

OVER 150 BRANCH OFFICES IN THE NEW YORK AREA



John Senholzi, Kuhn, Loeb & Co., New York; Bruce Hydahl, Lehman Brothers, Inc., New York; Stebb Allen, Chase Manhattan Bank, New York; John Fitterer, Wertheim & Co., Inc., New York



Richard Hamilton, Harris, Upham & Co., Inc., New York; Sal LoProto, Loeb, Rhoades & Co., New York; Paul Voight, Loeb, Rhoades & Co., New York; Anthony Carnevale, Wertheim & Co., Inc., New York



Al Titus, First National City Bank, New York; Robert Ritchie, Merrill Lynch, Pierce, Fenner & Smith Inc., New York; Henry Milner, Wertheim & Co., Inc., New York; Jack Sohm, First National Bank of Chicago, New York; Karl Velde, William Blair & Company, Chicago



John Senholzi, Kuhn, Loeb & Co., New York; William Devlin, Reynolds Securities, Inc., New York



Edwin Bueltman, Halsey, Stuart & Co., Inc., New York; Russell Ergood, Ergood & Co., Haddonfield, N. J.; Richard Chapdelaine, Chapdelaine & Co., New York



John Feery, Halsey, Stuart & Co., Inc., New York, awarding door prizes to Ernest Childs, Ladenburg, Thalmann & Co., Inc., New York; Eugene De Blass, Chase Manhattan Bank, New York; Frank Guadaqini, Marine Midland Municipals Co., New York; and Stephen Carroll, Bankers Trust Company, New York, at the field day

**MUNICIPAL
BOND MARKET
SPECIALISTS**

JOHN J. BINGHAM
Vice Pres. & Manager
JAMES RYAN, Vice Pres.
WILLIAM LEPSE
ALOYSIUS J. CRANWELL
DAVID H. STEIN

ROBERT L. SPENCE
Vice Pres. & Asst. Mgr.
WILLIAM T. HOOPMANN
ROBERT WOOD
PETER BARBERA
FRANK WARD



Thomson & McKinnon
Auchincloss Kohlmeyer Inc.

MEMBER NEW YORK STOCK EXCHANGE, INC.

60 BROAD STREET, NEW YORK 10004 425-1300

**The Secondary Market
in Municipals
is Primary with us**



ROTHSCHILD & CO.
MEMBERS NEW YORK STOCK EXCHANGE, INC.

99 WILLIAM STREET
NEW YORK, NEW YORK 10038

BOSTON / BUFFALO / CHICAGO / MONTREAL / NEW YORK
ROCHESTER / SAN FRANCISCO / GENEVA, SWITZERLAND



Howard Whittaker, Mitchell, Petty & Shetterly, New York; Arthur Nelson, Chemical Bank, New York; Philip Smith, Kuhn, Loeb & Co., New York; Edward Brown, Marine Midland Municipals Cc., New York



William Deegan, L. F. Rothschild & Co., New York; Merle Bailey, G. W. Racasi, Inc., New York; Paul Hazlett, Government Development Bank for Puerto Rico, San Juan; John Senholzi, Kuhn, Loeb & Co., New York



Paul Frederick, Fahnestock & Co., New York; Edward Stephenson, The Illinois Company, New York; Merrill Freeman; Gedale Horowitz, Salomon Brothers, New York; John Hollan, Barr Brothers & Co., Inc., New York



E. J. Altgelt, Altgelt & Co., Inc., New York; John Clayton, First National Bank in Dallas, Dallas



Jack Devine, Chase Manhattan Bank, New York; William Kondratuk, Reynolds Securities Inc., New York; Paul Finn, L. F. Rothschild & Co., New York



William Wilson, Reinholdt & Gardner, St. Louis; George Benoit, Matthews & Wright, Inc., New York; Thomas Jacobs, Irving Trust Company, New York; Paul Hazlett, Government Development Bank for Puerto Rico, San Juan



John Senholzi, Kuhn, Loeb & Co., New York; John Clayton, First National Bank in Dallas, Dallas; Charlton Yarnall, Yarnall, Biddle & Co., Philadelphia; Paul Sipp, Stern, Lauer & Co., New York



Kevin Kenny, J. J. Kenny Co., Inc., New York; Rolly Morton, Altgelt & Co., Inc., New York; William Marlin, Halsey, Stuart & Co., Inc., New York; Russell Ergood, Ergood & Co., Haddonfield, N. J.; Henry Milner, Wertheim & Co., Inc., New York

What's new at Manufacturers Hanover



Our Municipal Dealer Group, for one thing.

This newly organized group specializes in making markets for tax-exempt securities for individuals and corporations.

And we're going to be doing a lot more in the way of underwriting in the very near future.

If you would like to get more information, first-hand, about what we're doing in the tax-exempt area, call Joseph N. Usorano, Vice President, at (212) 621-4181. Just ask him what's new.

MANUFACTURERS HANOVER 

Can indexing ease pain of U.S. inflation?

Continued from page 9

Differential Brazilian inflation was put into effect.

Within the broad dimensions of the system, many discretionary adjustments have been made. Not only were there frequent delays in applying full indexation, but there was also considerable manipulation of tax privileges, loan repayment terms, and the level of real interest rates.

Differential "corrections" favored certain assets like savings deposits and federal debt at the expense of commercial acceptances. And some of the formulas used to effect the corrections have had erratic results, for example, since the official monetary correction in 1973 was only 12.8 per cent despite a wholesale price rise of 15.5 per cent, the real yield of 4 per cent one-year government bonds was in fact only 1.6 per cent in spite of indexing.

But for all that, there is little doubt that the post-1964 development of financial institutions in Brazil owes much to the indexing that guaranteed positive real rates of interest to savers. The resulting credit might be expensive, but it could at least be predictably obtained. More financial decisions now passed through the market. In 1967 the net increase of non-monetary financial assets in the hands of the public was only 2.6 per cent of GNP; by 1973, the ratio had risen to 8.8 per cent.

In addition, with the help of a broad range of export subsidies and incentives, the crawling peg exchange rate facilitated an important breakthrough on the trade front. Brazil's export performance has been impressive.

Wage indexing was used in Brazil not as a device to help labor keep pace with inflation, but as an instrument of anti-inflationary policy itself. The wage adjustment formula had a double built-in bias toward lower wage adjustments, especially in the early years of indexation:

—First, under accelerating inflation, the use of the average real wage over the preceding 24 months operated to shrink the base for new wage settlements.

—Second, since the monetary correction of wages was based on projected future inflation, and since this was substantially underestimated, real wages determined by the rule fell.

In the first phase of inflationary control up to 1967, real minimum wages declined by some 16 per cent even though average industrial wages rose modestly. Thereafter, average wage gains were considerably less than productivity advances, somewhere between half and two-thirds. Only in 1972 did parity seem to prevail, and in 1973 wage increases may have slightly exceeded productivity advances.

Appraising Brazil's experience

That the Brazilian economy has made impressive strides in the decade since indexation was introduced is beyond dispute. But the closer one looks, the clearer it becomes that indexing — in the usually accepted sense of an impartial and automatic adjustment to general price movements — made only a marginal contribution to that success.

First, the Brazilian success in reducing inflation since 1964 has been achieved through a combination of factors having relatively little to do with indexation, notably:

—Fiscal discipline that reduced the cash deficit from more than 4 per cent of total output in 1963 (roughly the equivalent of a \$55 billion deficit in the U. S. budget today) to a small surplus in 1973;

—Increased international openness and the resulting competitive pressures on the domestic economy;

—Price and wage controls that cut real wages and curbed increases;

—The large productivity dividend produced by a high rate of growth.

Second, Brazil's in-name-only indexation for wages was actually a formula for unwinding inflation at the expense of labor. The substantial decline in real wages, especially in the lower income groups, bears witness to this. Since 1967, parallel price controls were made binding on "principal enterprises." Price increases had to be cost-justified, taking productivity gains into account. Although this exerted some downward influence on prices, it occurred with a simultaneous rise in unit profits.

Third, from the foregoing it is clear that important parts of the program under the name of "monetary correction" did not

serve the cause of equity under conditions of rapid price rise, but exactly the opposite.

Fourth, Brazilian indexation, far from being an automatic correction based on overall price movements and thereby serving as a neutral rule to supplant governmental authority in allocating resources and distributing income, has been highly discretionary. A characterization that ignores the flexibility of the system and the discretionary elements in it does not do credit to the ingenuity and innovativeness of Brazilian policy-makers. It fails to convey the degree to which rapid growth and disinflation were a product of conscious intervention in the economy.

Fifth, to come back to the impact of monetary correction on inflation, respected Brazilian authorities recognize that this may actually be adverse. This inference may be drawn from the statement by the present Brazilian Minister of Finance, Mario Henrique Simonsen that "with respect to inflation, it is known that monetary correction, because of its neutralization of inflationary distortions, is also a feedback factor to the rate of price increase."

The current acceleration of Brazil's inflation may well illustrate his point. Indexation does not make Brazil immune from the global rise in food and energy prices. If anything, it serves as a prompt transmission belt, or "feedback factor," and thus aggravates the problem. As might be expected, Brazil's nimble policy-makers are already investigating new mechanisms of control that will prevent the transmission mechanism of monetary correction from aggravating inflation.

Sixth, indexing had undeniably positive effects on growth through the effect of the crawling peg on exports and by getting capital markets and the associated financial institutions to work and thus enabling the market to allocate resources more efficiently. While important for Brazil, these consequences are largely irrelevant to a U.S. economy blessed with strong financial institutions and strong foreign trade.

Indexing in the U.S.

This brings us to the more general question of how the Brazilian bears upon the merits of indexation in the U.S. context.

As suggested, the major success of monetary correction in improving the allocation of resources and restoring meaning to interest rates and exchange rates is not really germane to the American economy. U.S. interest rates have clearly been adapting to inflation in recent months.

Who is to say that an indexing system that would have boosted long-term interest rates into the stratosphere in response to the food and fuel price explosion would be wiser than the sophisticated capital markets that temporarily offer a negative

return on long-term money? The market is apparently telling us that we should not build today's inflation into tomorrow's expectations on an exactly proportionate basis, nor should we ignore prospective earnings in the productive sector.

An across-the-board automatic indexing system would have quickly built skyrocketing commodity prices into higher interest rates and higher wages, thereby putting relentless cost-push pressure on the general price level. Under the present system, one at least has a fighting chance to avoid converting the 1973-74 "soft core" inflation — food, fuel, industrial materials, and post-Phase IV pop-up inflation — into a "hard core" price-wage spiral reaching well into the future.

As an alternative to straight cost-of-living escalation for wages, some have advocated that the United States adopt a wage formula similar to the Brazilian one except that it would provide for more self-correction in case projected inflation was understated. Perfectly applied, it would have the desirable effect of dampening wage increases without cutting into the real income of labor. But that still begs three questions:

—The first is whether the recent real wage base is a fair and appropriate one, or whether labor is right in regarding the recent erosion of wage income as unwarranted and unacceptable.

—The second is how to insure that real profit margins don't rise at the expense of real wages — a consideration that brings one right back to price controls.

—Third, do we have a cost-of-living index that is finely tuned enough to maintain the equity and even-handedness that is a major objective of indexing? In particular, the inroads of zooming food and fuel prices have been much more serious for modest and low incomes than for high incomes. Making such distinctions is beyond the capacity of an indexing system.

Just as it would be hard to avoid intervention in handling wage indexation, other parts of an indexing system would, by their very nature, require discretion and intervention, for example:

—Revaluation of assets by reference to a price index is equivalent to more liberal accelerated depreciation for tax purposes.

—Automatically adjusting the personal income tax exemptions and width of income tax brackets is equivalent to altering marginal tax rates — on a pattern which may or may not conform to the differential impact of any particular rise in the cost of living for which it is trying to correct.

—Putting income tax liabilities on an indexed basis reduces the automatic stabilizing effect of inflationary increases in governmental revenues and thus requires more discretionary fiscal action.

In other words, indexation would not be neutral with respect to the distribution of

See INDEXING, page 26

Coming events

July 17-18, 1974 (Washington, D. C.)
American Bankers Association National Government Affairs Conference and symposium on inflation at the Washington Hilton.

July 17-19, 1974 (New York City)
Practicing 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.

July 26, 1974 (Minneapolis-St. Paul)
Twin Cities Security Traders Association annual summer outing at Hillcrest Country Club.

Aug. 21-23, 1974 (San Francisco, Calif.)
Practicing Law Institute workshop on "Techniques of Mergers and Acquisitions," at the Sir Francis Drake Hotel.

Sept. 6-8, 1974 (Coeur d'Alene, Idaho)
Pacific Northwest District Securities Industry Association annual meeting.

Sept. 8-10, 1974 (Atlanta, Ga.)
American Bankers Association 1974

National Correspondent Banking Conference.

Sept. 12-14, 1974 (Dallas, Tex.)
Dallas Security Dealers Association annual fall party.

Sept. 18-20, 1974 (New York City)
Securities Industry Association Management Conference at the New York Hilton.

Sept. 19-20, 1974 (Atlanta, Ga.)
Georgia Security Dealers Association annual outing at the Atlanta Country Club.

Oct. 2-5, 1974 (Puerto Rico)
Securities Industry Association Public Finance Conference

Oct. 5-6, 1974 (Hot Springs, Va.)
Mid Atlantic District Securities Industry Association annual meeting.

Oct. 5-9, 1974 (Scottsdale, Ariz.)
National Security Traders Association annual meeting at Mountain Shadows and Camelback Inn.

Oct. 15, 1974 (Kansas City, Mo.)
Mid Western District Securities Industry Association annual meeting.

Marshall Field surprises

Continued from page 6

in gaining greater shares in the third quarter. Iverson feels all three will do well, not at the expense of each other, but probably at the expense of other retailers.

Consumer disenchantment with durable goods this fall will cause a spill over into softer goods, he continued. But, he cautioned, the problem is how the consumer will react to the 10 to 12 per cent price increases expected at the retail level.

As for the rest of the year, at this point some retail analysts are decidedly optimistic about how the consumer will spend

his money during the rest of the year while some aren't.

Said another institutional analyst, who feels the consumer spending will soon fade, "Retail spending will soon taper off. There's no income support for it. Much of the buying has come from increased use of credit and has been hedge buying by consumers fearing higher prices the following month."

Almost all analysts, however, agree that predicting the first quarter was the most difficult and that the prospects for the industry this year depend on the extent the consumer is willing to part with his funds.



I remember Wall Street

Good old Levinson: A friend and teacher

By JACOE

Of course there is luck in this world, chance meetings, fortunate timing and all the other combinations of circumstances which help or hinder. I've had my share mostly on the good side.

For instance, if it had not been for a retired banker who liked me and thought I had some potential, he would not have recommended me to Jules Bache when my former employer died.

And if a certain stock exchange member named Edward D. Levinson had not met me at J. S. Bache & Co. and enjoyed my stock market letters I would not have had the opportunity to form my own firm.

Levinson came in quite often. The Bache office at 42 Broadway was on the ground floor and I sat behind a large desk with two news tickers and three telephones. The age of electronics and push button gadgets was still years away.

All the newspaper men covering the financial scene dropped in every day as a matter of course.

My camaraderie with the working financial press was a useful adjunct. J. S. Bache & Co. received more free publicity without compensatory advertising than any house on the Street.

In the morning we had the Times, the Morning World, the Herald, the Tribune and Hearst's American. The afternoon papers were the Evening Sun, the World Telegram, the Globe, the Post and the Evening Journal.

Imagine at the age of 30 daring to predict stock market trends every day. When I think of it, the brashness of it embarrasses me.

But the speculators of the period circa 1916-1926 seemed to like the material. It was telegraphed to all the Bache branch offices and their out of town correspondents.

Every morning hundreds of copies were available at the front desk where they were snapped up by the competition. Their customers wanted to read what the "All

Wire Wizard" was sending out. May I say that the wizard reference is not my own—I am Fontaine, financial editor of the Morning World, gave me that title and used it profusely in his daily morning column.

But I am digressing. This column is about how and why I met Levinson. He came in every morning before going to the Stock Exchange floor. A genuine friendship developed. He asked me to spend a Saturday at his home in Cedarhurst, L. I. We talked shop—What else?

Then one afternoon he suggested an unusual proposition. He had a partnership with a bond man and a small back office staff. He would dissolve this firm if I would create a new firm, direct it, and bring in a few more desirable partners. He would contribute the use of his stock exchange seat, contribute \$250,000 cash capital, take 10 per cent on his capital and seat value and also take 25 per cent of the profits and losses.

My own capital was nil, although my one per cent interest in J. S. Bache & Co. was scheduled to net me a little over \$30,000 at the end of the year.

I brought in Jesse Baar, who already was a partner in the old established house of Simmons & Slade. He was delighted to join with me as equal partners in the new firm. (We each had 30 per cent interest, while Levinson had 25 per cent and Edwin Woarms had 15 per cent.)

I was even more delighted to have Baar contribute the magnificent sum of \$60,000. Ed Woarms contributed \$150,000. Thus, the new firm started most comfortably (for that period) with \$490,000 cash capital, a New York Stock Exchange seat and associate membership on the American Stock Exchange.

The year was 1926. Three months later Wall Street had a minor panic because one of its most important bond houses suddenly developed financial indigestion. The stock market collapsed, but not for long. The House on the Corner (J. P. Morgan & Co.)

came to the rescue and things stabilized.

We made \$200,000 net the first year, so my capital increased by about \$60,000. I don't remember the tax bracket, but it could not have been of any great amount.

Levinson was pragmatic

Levinson was sound, serious and pragmatic—no day to day speculations. If he likes a situation he would mull it around for days, sometimes weeks. He never bought or sold on a scale. He never averaged if something went against him.

When he did decide and did act it was the whole bundle. He bought big and all at once. The same on the sell side. It takes an unusual mentality to play the stock market in lumps. For myself, I do quite the opposite. Never buy on a rising market, but wait for a "basket" to develop and scale down to accumulate a position much less exciting but one gets a "feel" while following the entire market and the particular issue in question.

Levinson did well. I did well. 1927 was much better than 1926. Then came 1928 and 1929. Also banner years. Our firm had no speculative positions of its own. Because Levinson and I had agreed on the vulnerability of the market in the summer of 1929 the crash demolished many of our clients, but the firm's capital was well over \$1 million by the end of the year.

In fact, we had had banner commissions in 1930 because of a wild public utility spree in the spring of that year. Our relatively small firm was garnering \$30,000 a day in commissions. Needless to say by 1932 while our capital was still higher our commission business had slumped to a mere trickle.

So we went into silver futures. Levinson had a great friend. Moreover, this great friend was an outstanding financial and economic genius. He was Frank A. Vanderlip, president of National City Bank.

Vanderlip correctly had foreseen and predicted the commodity collapse of 1920. His speech at the Economic Club dinner in New York at the old Hotel Astor was followed by a collapse not only of commodities, but stocks as well.

He was aided by Levinson in making a big fortune in Palos Verdes, Calif., which is south of Los Angeles. He also included Levinson in the fantastic Auburn Motors pool, where the stock went from buttons to about 600. While Cord and Manning actually were the motivating factors in this enterprise, Levinson had the guts and patience to sit with his bundle through and after the crash. He sold out within five per cent of the top!

When Franklin Roosevelt became President, Levinson was furious. When the gold price was upped from \$21.67 to \$35 by daily stage — the amount being decided between FDR and Henry Morgenthau each morning during or after breakfast—Levinson went livid. When he read that the amount of the gold price increase would be decided by the flip of a coin, Levinson exploded.

I remember one morning some years later when FDR was spending money and with Harry Hopkins had coined the phrase: "we will spend and spend and elect and elect." I picked Levinson up some mornings, when he stayed in town overnight. Certain trivial moments stay with you forever. The time and location etched into your memory:

We were in my car riding downtown on the Westside Highway. Levinson, as usual, was criticizing FDR for one thing or another. He said, "This Government spending is going to ruin the country unless we make the wealth of the country pay for it. What I think the SOB should do is to confiscate all the fortunes in this country above \$5 million. At least then we could get back to a decent fiscal economy."

I kept silent. Why the arbitrary \$5 million? Suddenly I realized the answer—Levinson was worth just about \$5 million. I thought of the old Socialist story I heard when I was 15. The theory was that everyone would share with everyone else.

But when the farmer was asked if he had two cows would he part with one, he heatedly replied, "Absolutely no. You know damn well I have two cows!"

An Old Master

One afternoon riding uptown, I related some domestic difficulties to which Levinson listened with apparent understanding. Levinson usually was taciturn and never broached domestic affairs, but this time he really let go. Here is what he said, as I remember it:

"When we were married our honeymoon took us to California. We first took the 20th Century Limited to Chicago. In the morning I opened my bag to take out a clean shirt and found a button missing. I asked my wife of a few days to sew a button on. She replied that she did not marry me to sew buttons on my shirt. Our relationship was never the same thereafter."

It was amusing to my ears, because by this time Levinson and his wife had produced two full grown married daughters with or without shirt buttons.

Levinson had a fabulous collection of Italian Old Masters, but what he wanted more than anything was a beautiful authentic Gilbert Stuart painting of George Washington. The picture had an ironclad history. It was painted for some notable English relative of Washington by Stuart and had remained in the family until the early 1930's. The English pound was still close to \$5 American and the sale price was 17,000 pounds or about \$80,000 to \$85,000. Levinson left an open bid for the picture at \$50,000. Nothing happened for months.

Then one day in September 1931 I was in Sedgefield, N.C. playing golf and as a matter of habit phoned the office in New York to keep track of the market (which wasn't doing well at all). The operator said Levinson wanted to speak with me if I called in. She connected me. He was positively jubilant. "I got it!..I got it!" he shouted.

"You got what?"
"The Gilbert Stuart. I just received a cable from London. The pound has been devalued and my \$50,000 bid was accepted. In fact, they got a few more pounds than they asked, but I don't mind."

I wonder where that wonderful painting is today?

Levinson's influence on my young and later life was clearly marked. He taught me realism versus emotionalism. He saved the firm a large sum of money by insisting that loyalty to a group of men lasted as long as the contract, but thereafter one should "protect in the clinches."

I must elucidate. In early 1930 our firm was induced to take a five per cent commitment in a speculative pool operating a public utility. I use the word "induced," because the pool manager gave our firm tremendous commission business and we could have said no and imperiled the commission flow. So we said yes and signed the papers. In a short time it had accumulated \$4-\$5 million in paper profits. The length of time to operate was 90 days with a renewal of 60 days. Thereafter, one could withdraw.

When the market started to go sour and the pool manager exercised the 90 day limitation to extend for another 60 days, the entire utility market really collapsed. After these 60 days the pool was at an end, and there was still a sizeable paper profit. The pool manager canvassed the participants for a further extension. All agreed except us. Levinson said: "We never did go in pools. We had to this time. We can get out now. Let us take our share and liquidate. We may lose the commission business, but who knows what is ahead of us?"

We did just that and wound up with a beautiful profit. The remainder of the misguided participants extended and extended until the portfolio shrunk to zero in 1932. Not only that, they had contributed considerable cash in the interim which went down the rat hole.

Good old Levinson, I learned a lot.

Baker, Weeks' big beef

Continued from page 13

culprit for the sharp decline was a brief internal memo issued by Baker, Weeks & Co., advising its clients it had removed McDonald's stock from its recommended list.

And while the analyst responsible for the memo was unavailable for comment, a spokesman for Baker, Weeks did confirm that McDonald's recommended purchase stock had indeed been removed.

McDonald's executives, when finally reached in Oak Brook, Ill., and asked about the memo were equally closed mouthed, though one executive did say he had a rough draft of the report.

They added they could say very little since McDonald's is currently in registration with the Securities and Exchange Commission for the secondary offering of some 700,000 shares and \$50 million of debt.

In general terms, McDonald President Fred Turner said the company expected another good year and "there is no ap-

parent reason why the current favorable trend should not continue."

— But considering what Wall Street sources say was the gist of the short memo — no longer than the time it takes to eat a Big Mac hamburger — it's not particularly surprising that the Hamburger U. graduates could find more pleasing things to talk about.

What the Baker, Weeks memo recommended, sources say, was that clients should currently scale down their long term holdings of McDonald's shares.

One of their principal reasons for the negative approach being, the sources said, that they felt McDonald's was entering a "transitional" period of growth, where its operations would show a greater sensitivity to the economic environment.

And while Baker, Weeks continued to predict that McDonald's would earn \$1.70 a share this year and \$2.15 next year compared to the \$1.31 earned in 1973, what apparently troubled Baker, Weeks was unpredictability of the longer term outlook.