

FINANCIAL CHRONICLE

WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3976

New York, N. Y., Thursday, September 4, 1941

Price 40 Cents a Copy

Another Milestone

With the appearance of this issue, the Chronicle marks another milestone in a career that began in 1839, when the first number of Hunt's Merchants' Magazine was published. In 1865, the first issue of the Chronicle was announced. Then, in 1871 another milestone was past when these two publications were combined.

During the decades since its inception the Chronicle has, almost of necessity, waxed enormously in stature. Moreover, it has instituted the publication of a very substantial list of supplementary publications or compendiums. These latter will continue to appear as heretofore, except that their typographical appearance, their legibility and their general usefulness will be enlarged and improved wherever possible.

The weekly Chronicle itself, however, has for some years been suffering, in a sense, from its very completeness—from its bulk, the diversity of material presented, and to some extent from the fact that it appeared only at weekly intervals. In the form and dress that it has worn heretofore, and with the older equipment used in its preparation, it has proved impractical until now to modernize its appearance or improve the accessibility of its contents.

(Continued on Page 12)

OUR REPORTER'S REPORT

Vacationists have now been back at their desks for a couple of days, but they are still, by and large, devoting their time to study of the situation by which they confronted and to the laying of plans for future activity rather than engaged in the actual doing of business. It was hardly to be expected, and was not expected, to be otherwise.

The markets quite generally hope to obtain their first cue from the plans of the Treasury. Precisely when they will obtain it in form definite enough to be of real service is not yet quite clear, but it is not expected to

(Continued on Page 15)

Is Competitive Bidding Working?

This is a "progress report"—a report on the developments that have occurred and the problems that have arisen since the SEC's competitive bidding rule went into effect May 7.

It is presented at this particular time because:

(1) The new issue market is just entering a highly active period in which at least a half-dozen large utility financings will be distributed under the SEC's rule U-50;

(2) To date, three major issues have been sold under this rule and several significant trends have shown up;

(3) The SEC a few days ago presented its own progress report in the form of an address by Commissioner Robert E. Healy at St. Paul, and that "report" was notable not for what it included but for what it left out;

(4) And American Telephone & Telegraph Co., a corporation not subject to the rule has indicated the wide application of the regulation by announcing that it soon will invite bids from underwriters for about \$94,000,000 long-term debentures.

In other words, we've had some tests of this rule.

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'JOTTINGS'

There is irony in contrasting Washington policies on the matter of competitive bidding. Among the changes currently being made in the defense program is relaxation of the requirement that the armed services stick to competitive bidding as a means of getting their requirements. Negotiated contracts are to be used to spread the work round.

The Navy got the right some years ago to negotiate subcontracting contracts instead of being required to ask for competitive bids. The contracts could be signed quicker, delays avoided in changing the specifications, and the ultimate cost was lower.

While most forecasting agencies predict a leveling off from here in the business indices for some months, due to priorities unemployment and the fact that these indices

give inadequate weight to the armament industries, these predictions probably err on the pessimistic side. Rapidly swelling political pressure from groups and areas threatened with such unemployment have already caused the defense authorities to accelerate methods (outlined on the editorial page of this issue) to make raw materials go further and to bring non-defense factories more rapidly into

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Ranson-Davidson Expanding - Opens New York Office Under Laurence Harris, H. H. Miller

The Ranson-Davidson Company, Incorporated, announces the opening of an executive office in New York City at 90 Broad Street, under the management of Laurence Harris and Henderson H. Miller, formerly managers of the municipal bond department of Fenner & Beane. The New York office will be the headquarters for the eastern and southeastern division of the firm, and will be staffed entirely by personnel formerly employed in the municipal bond department of Fenner & Beane.

The company, which was formed in 1935, has heretofore confined its business principally to Texas and Kansas municipal issues. The opening of the New York office will give the company eastern representation and aid it in its attempt to build distribution of eastern securities. The company now has offices in Wichita (home office) and Independence, Kansas, Dallas, San Antonio, Houston, Edinburg and Austin, Texas, Miami and St. Petersburg, Florida and Columbus, Ohio.

Working under the direction of New York will be the offices located in Miami and St. Petersburg, Florida and Columbus, Ohio. As in New York, the personnel of these offices will be composed of former employees of the municipal bond department of Fenner & Beane.

Mr. Harris is a graduate of Yale University, where he also served on the faculty. He first came to Wall Street in 1929 when he became associated with A. Iselin & Co. In January 1933 he joined Fenner & Beane and was connected with its municipal bond department up until the merger with Merrill Lynch, E. A. Pierce & Cassatt a short time ago. Mr. Harris was also vice-president of Fenner & Beane Corporation. He conducted the course in municipal bond trading at the New York Stock Exchange Institute for a period of six years.

Mr. Miller, also a graduate of Yale University, started his career in Wall Street in 1929 when he became associated with E. R. Diggs & Co. In 1930 he joined Ames, Emerich & Co., in the retail department and in 1931 went with Ulen Securities Co., of Texas. He became manager of the investment department in the Fort Worth office of Fenner & Beane in 1932. In 1934 he became associated with their municipal bond department in New York.

Sleeper & Donnelly With Reynolds & Co.

Reynolds & Co., 120 Broadway, New York City, Members of the New York Stock Exchange and other leading national exchanges, announce that Gordon C. Sleeper and James A. Donnelly, Jr., are now associated with them. The firm also announces that it has opened a department to deal in public utility preferred stocks under the management of Mr. Donnelly.

Mr. Sleeper has for the past seven years been manager of the customers' room of Fenner & Beane's home office. He was one of the country's pioneer radio manufacturers. He is active in the Customers' Brokers Association as a member of the Executive Committee.

Mr. Donnelly has for the past seven years been associated with Fenner & Beane, as preferred stock trader. Previous to this time he was associated with Hardy & Co.

Sidney Lurie Joins Parrish As Analyst

Parrish & Co., 40 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, announce that Sidney B. Lurie has become associated with them as security analyst-economist. Mr. Lurie was formerly manager of the investment and advisory department of Fuller, Rodney & Co. and its predecessors.

Ga.-Fla. R R Revenues Up

According to advices from B. S. Lichtenstein & Co., 99 Wall Street, New York City, the Georgia and Florida Railroad in its report to the I. C. C. shows gross operating revenues for the seven months ending July 31, 1941 of \$782,130, an increase of over 35% over the corresponding period of 1940 when gross operating revenues were \$619,305.

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Customers' Brokers Annual Golf Tourney

On Wednesday, September 17th, 1941, the Association of Customers' Brokers will hold their Second Annual Golf Tournament and Field Day at the Rockville Country Club, Rockville Centre, L. I.

Guests of honor will be Emil Schram, President of the New York Stock Exchange and Robert Stott, Chairman of the Board of Governors.

Mr. Schram, evidently realizing the importance of the customers' brokers' close relation to the public, has expressed the desire to meet informally as many customers' brokers as possible on this occasion. All registered representatives are invited to attend, regardless of whether they are members of the Association.

Realizing the entire production personnel cannot be present for the full day, the Association has a detachable dinner ticket for \$2.50 along with a ticket for golf, tennis and dinner for \$4.00. Tickets may be obtained from Mr. Richard G. Horn, Chairman of the Entertainment Committee, Peter P. McDermott & Co., 65 Broadway, New York, N. Y. Checks should be made payable to the Association of Customers' Brokers, care of Mr. Horn, stating the type of reservations desired.

Sutro Co. Has Added Donnellan To Staff

(Special to The Financial Chronicle)
 SAN FRANCISCO, CAL.—John F. Donnellan has become associated with Sutro & Co., 407 Montgomery Street, members of the New York Stock Exchange and other leading national exchanges. Mr. Donnellan for many years was an officer of Donnellan & Co.

Case, Bosch Admits Rozelle And Sherly

Chicago, Ill.—Logan A. Rozelle and John M. Sherly have been admitted to Case, Bosch & Company, 208 South La Salle Street, as general partners, Gaylord J. Case announced.

Mr. Rozelle, who will head the sales department, came to La Salle Street fourteen years ago and joined Case, Bosch & Company four years after it was established; prior thereto he was with F. A. Brewer & Co. Mr. Sherly, who will be in charge of municipal bonds and collateral loans, has been on La Salle Street for the past thirty years. He was formerly a banker and left that field to enter the commercial paper business. For the past six years he has been with Case, Bosch & Co.

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(Special to The Financial Chronicle)

SAN FRANCISCO, CAL.—Marston Cummings and Clifton N. Power have become associated with John B. Knox & Co., Russ Building. Mr. Cummings was formerly San Mateo representative for Schwabacher & Co., was with Associated American Distributors, and prior thereto was an officer of Security Agency, Inc. and Commodity Distributors of Boston. Mr. Power was previously with Hannaford & Talbot and in the past was with P. Burke & Co. and Sherk & Co. of Indianapolis.

COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Patent Office with which has been combined the Financial Reporter

William B. Dana Company Publishers

25 Spruce Street, New York BEekman 3-3341

Herbert D. Seibert, Editor and Publisher

Frederick W. Jones, Managing Editor

William Dana Seibert, President

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David & Bernard Stein Form Own Firm In NY

David and Bernard Stein have formed Stein Bros. with offices at 50 Broad Street, New York City, to engage in a general over-the-counter securities business. Both were formerly partners in Irving Stein & Co., of which David Stein was manager of the trading department, and prior thereto were with Morris Stein & Co.

That Messrs. Stein were planning to form their own firm was previously reported in the Financial Reporter of August 28th.

Kleinbaum To Manage Eisele-King Inv. Dept.

Eisele & King, Members New York Stock Exchange, announce that Elihu N. Kleinbaum has become associated with them as manager of their investment department. Mr. Kleinbaum will make his headquarters in the firm's New York office at 39 Broadway. He was formerly manager of the local New York office of Hirsch, Lienthal & Co. and in the past was a partner in Albert Fried & Co. and Schatzkin & Co.

New Municipal & Corporate Bond Dept. For Allman, Everham Co.; New V.-Ps. Elected

DETROIT, MICH. — Allman, Everham & Co., members of the Detroit Stock Exchange, Penobscot building, announce the opening of a municipal and corporate bond department under the management of Andrew D. Hotchkiss and George E. O'Brien, who have become associated with the firm as vice-presidents. Paul I. Moreland has been elected a vice-president of the firm and Edmund F. Kristensen was named treasurer; Mr. Moreland will continue as manager of the stock department and branch offices, and Mr. Kristensen will continue to act as office manager. Mr. Hotchkiss entered the se-

Tomorrows Markets

Walter Whyte Says

Market has indicated that the next important move, when, as and if, will be on the up side; but oil stocks do not act right, although that may not mean much; detail recommendations follow.

By WALTER WHYTE

NOW that Labor Day has come and gone, this week's column should, by rights, be given over to a dialectic discussion of "What Of The Future?" With it should be incorporated an impressive array of economic factors which would prove exactly what they were intended to prove.

Such an erudite display would serve two purposes: One, serve as an introduction to new readers of the new Commercial & Financial Chronicle and two, impress them with the Learning and Deep Thinking prowess of the writer. It would be timely for still another reason; precedent.

Twice a year economic pundits, captains of industry and leaders of finance feel called upon to deliver themselves of words of cheer or of gloom. These are made at the beginning of a new year, and when Labor Day is over. New Year forecasts were as plentiful as ever, but, for some reason, Labor Day predictions were not up to snuff. The fact that few of these prognostications ever materialize is beside the point. It's even unkind of me to dwell on such a thought.

But be that as it may the official end of summer brings with it a cheer that is readily apparent. Of course I might point out in passing that few Septembers have ended on an

(Continued on Page 9)

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OFF FOR CONVENTION

Many delegates to the Financial Advertisers convention to be held in Cleveland, September 8-11, have made reservations on the private cars which will leave Grand Central Station Saturday night, September 6.

The following is a partial list of those who have already made reservations:

Merrill Anderson, Arthur Kneerim, and Richard Wells, Merrill Anderson Company.

L. S. MacNeill, Continental Bank & Trust Co.; Granville S. Carrel, and John Lawler, National City Bank; Landon Townsend, Bank of New York; Harold Choate, Business Week.

James Roscovar II, Albert Frank-Guenther Law, Inc.; O. G. Alexander, Bank of the Manhattan Co.; Arthur DeBebian, The Chase National Bank; Dudley Parsons, New York Trust Company; Ruel Smith, Time, Inc.; Walter Mayer, Prentice-Hall, Inc.

John Klegg, The Pennsylvania Co. for Insurances on Lives and Granting Annuities; Harold Whitaker, Group V Savings Bank; Mr. & Mrs. Arthur Larschan, Trade Bank & Trust Co.; Mr. & Mrs. Richard Lederer, Sr., and Mr. & Mrs. Richard Lederer, Jr., Standard Nat. Bank of N. Y.; Miss Gertrude T. Porter.

George McCarthy, Recordak, and Frank L. Hilton, Jr., Recordak Corporation; James T. Anderson, Geo. La Monte & Sons; Charles Earl, Burroughs Clearing House; George O. Muir, Muir & Company.

Charles P. Seaman, Brooklyn Savings Bank; Frank Burrows, Irving Trust Co.; Paul Roth, Central Hanover Bank & Trust Co.; and Glen Winship, New York Times.

Emmett F. Connelly, President of the Investment Bankers Association, will address the opening session. Mr. Connelly will speak on "Public Relations of the Investment Bankers Association of America." Following the opening session, Mr. Connelly will be a forum guest on Monday afternoon at which the subject of Security Salesmanship will be discussed.

E. A. Pierce, a senior partner of Merrill Lynch, Pierce, Fenner & Beane, will be the principal forum guest on Wednesday, September 10th. The subject of Wednesday's forum will be "The Financial Advertisers Obligation and Opportunity." The discussion will take in problems in the listed securities field.

On Thursday, September 11, an open forum will be held for the purpose of discussing "Defense Bonds and their relationship to the security business."

It is anticipated that many investment dealers and brokers from the mid-west will attend the series of meetings to hear these financial headliners.

REAL ESTATE BONDS UP SHARPLY

For the 14th consecutive month the Amott-Baker Realty Bond Price Average indicates a higher average price for real estate bonds. Furthermore, the 2.3% advance in the month of August was the largest since the trend changed in July of 1940. For the past five months the percentage increase, month by month, has been greater than the preceding month.

The average price of a \$1,000 bond is now \$310 compared to \$303 on July 31st and \$281 on December 31, 1940. The increase in the first 8 months of 1941 is 10.3% and each one of the 15 classifications of the Price Average shows an increase for the first time this year. For the month of August too each of the classifications showed an increase.

New York issues are 11.9% ahead of the 1940 closing prices followed by Pittsburgh issues which are up 8.8%, Philadelphia 8.4% and Boston issues up 0.9%.

In the classifications by buildings, Hotels lead the way with an increase of 14.7% so far this year, followed by Apartment Hotels up 13.8%. Office Buildings which made the best showing in August with an increase of 3.2% are now 12.4% ahead of 1940 closing prices and they now average \$290. Housekeeping Apartments are up 5.3% and Theatre issues 3.4%.

(Continued on Page 10)

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**E. Moederle & H. Kemp
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Eric A. Moederle, for the last eight years with the New York Stock Exchange firm of Francis I. duPont & Co. as an account executive, and Henry P. Kemp, who formerly headed his own firm of Henry Kemp & Co., have become associated with the investment securities firm of A. W. Benkert & Co., Inc., 70 Pine Street, New York City, in the sales department.

Alfred Philipp, Mauro A. Salazar, and Francis I. Washichek have also been added to the firm's sales staff.

DIVIDEND NOTICES

Beneficial Industrial Loan Corporation

DIVIDEND NOTICE

Dividends have been declared by the Board of Directors, as follows:

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(for quarterly period ending Sept. 30, 1941)

COMMON STOCK

40¢ per share

Both dividends are payable Sept. 30, 1941 to stockholders of record at close of business Sept. 15, 1941.

E. A. BAILEY

Treasurer

Sept. 2, 1941



AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 142
Common Dividend No. 126

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending September 30, 1941, and a dividend of 10¢ per share on the Common Stock have been declared. Both dividends are payable October 1, 1941, to holders of record September 11, 1941. The stock transfer books will remain open.

J. P. TREADWELL, JR.

July 30, 1941

Secretary

THE TEXAS CORPORATION



156th Consecutive Dividend paid by The Texas Corporation and its predecessor, The Texas Company

A dividend of 50¢ per share or two percent (2%) on par value of the shares of The Texas Corporation has been declared this day, payable on October 1, 1941, to stockholders of record as shown by the books of the corporation at the close of business on September 5, 1941. The stock transfer books will remain open.

L. H. LINDEMAN

August 21, 1941

Treasurer

GUARANTY TRUST COMPANY OF NEW YORK

New York, September 3, 1941
The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending September 30, 1941, payable October 1, 1941, to stockholders of record September 10, 1941.

MATTHEW T. MURRAY Jr., Secretary.

**John B. Lord Is Now
With Foster & Adams**

Foster & Adams, 120 Broadway, New York City, members of the New York Stock Exchange, announce that John B. Lord has become associated with their firm. Mr. Lord was senior partner of Lord & Widli from 1924 until that firm dissolved on July 31 of this year, in which capacity he acted as correspondent in New York for the English banking house of Fairfax & Co., Ltd. For the past two and a half years he has been a member of the Board of Governors of the New York Curb Exchange. During the World War Mr. Lord was with the U. S. Food Administration, serving that department both in Washington and abroad.

**Harry Taylor Joins
Wilson, Johnson Co.**

(Special to The Financial Chronicle)
SAN FRANCISCO, CAL.—Harry W. Taylor has become connected with Wilson, Johnson & Higgins, Inc., 485 California Street. Mr. Taylor was formerly an officer of the Anglo-Pacific Co. of San Francisco.

Producing Oil Royalties

An attractive list of current oil royalty offerings has been prepared by Tellier & Company, 42 Broadway, New York City, and is available on request. Ask for Schedule "A."

DIVIDEND NOTICES



CORPORATION OF AMERICA
180 MADISON AVE. - NEW YORK, N. Y.

THE Board of Directors has this day declared the following dividends:

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of \$1.75 per share on all shares outstanding and of record at the close of business on September 16, 1941, payable on October 1, 1941; and

The regular quarterly dividend for the fourth quarter of \$1.75 per share on all shares outstanding and of record at the close of business on December 16, 1941, payable on January 1, 1942.

7% CUMULATIVE FIRST PARTICIPATING PREFERRED STOCK

The regular semi-annual dividend of \$3.50 per share on all shares outstanding and of record at the close of business on December 16, 1941, payable on December 31, 1941.

COMMON STOCK

A dividend of 60¢ per share on all shares outstanding and of record at the close of business on September 16, 1941, payable on September 30, 1941.

JOHN A. LARKIN,

Vice-Pres. & Sec'y.

September 2, 1941.

MARGAY OIL CORPORATION

DIVIDEND NO. 45
The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable October 10, 1941, to stockholders of record at the close of business September 20, 1941.

J. I. TAYLOR, Treasurer.

Tulsa, Oklahoma, September 2, 1941.

NOTICES

The Winters National Bank located at Winters, in the State of California, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

W. W. STARK, Cashier.

Dated July 8, 1941.

The Bank of Suisun, National Association located at Suisun, in the State of California, is closing its affairs. All note holders and other creditors of the association are therefore hereby notified to present the notes and other claims for payment.

F. S. JONES, President.

Dated July 9, 1941.

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PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)
BOSTON, MASS.—Carol A. Landry, Edward C. McAdams, John T. O'Hare, and Daniel Spillane have become associated with Trust Funds, Inc., 89 Broad Street.

(Special to The Financial Chronicle)
BOSTON, MASS.—Frederick C. Adams & Co., 24 Federal Street, have added Henry P. McAllister, Jr., to their staff.

(Special to The Financial Chronicle)
BOSTON, MASS.—Nathan C. Sharfman has become connected with Maxwell & Co., Inc., 24 Milk Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—John William Elster, for many years with McGraw & Co., Inc., has become associated with Mason, Moran & Co., 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—James C. Reynolds has joined the staff of Straus Securities Co., 135 South La Salle Street. Mr. Reynolds in the past was with First Consolidated Securities Co. and more recently was in the radio business.

(Special to The Financial Chronicle)
HOLLYWOOD, CAL.—Peter I. Orloff has been added to the staff of Grover Cleveland Hooker Co., 7056 Hollywood Boulevard. In the past Mr. Orloff was with Morton Seidel & Company.

(Special to The Financial Chronicle)
LONG BEACH, CAL.—Alan Rutherford Montgomery has become associated with Bankamerica Company, 115 Pine Avenue. Mr. Montgomery was formerly connected with Merrill Lynch, E. A. Pierce & Cassatt and Banks, Huntley & Co., Inc. In the past he was a director of William A. Lower & Co., Inc.

(Special to The Financial Chronicle)
LOS ANGELES, CAL.—Ernest Wilson Leppert has joined the staff of Fox, Castera and Co., 650 South Grand Avenue. Mr. Leppert was previously with R. C. Wade & Co.

PHILADELPHIA, PA.—Charles A. Taggart & Co., 1500 Walnut Street, announce that Carl LeRoy Black is now associated with them in their sales department. Mr. Black for several years was with Henry L. Doherty & Co. and

later with Dawkins, Waters & Co., Inc. and Marvin & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CAL.—Bankamerica Company, 300 Montgomery Street, has added Andre Peschau, formerly with Stephenson, Leydecker & Co., to their staff.

(Special to The Financial Chronicle)
SEATTLE, WASH.—Edward Greenwood has been added to the staff of Lobe & Jordan, Inc., Insurance Building.

(Special to The Financial Chronicle)
SEATTLE, WASH.—Ogden Moulton has joined the staff of Western General Corporation 808, Second Avenue. In the past Mr. Moulton was with Leo A. McGrail & Co., and Interstate Securities Co.

(Special to The Financial Chronicle)
ST. PAUL, MINN.—Archibald G. Ingersoll is now connected with Riter & Co., Pioneer Building. In the past Mr. Ingersoll was with Thomson & McKinnon, Slaughter & Russell and Charles D. Barney & Co. in St. Paul.

(Special to The Financial Chronicle)
SPRINGFIELD, MASS.—Ralph W. Clark has joined the staff of Seybolt & Seybolt, Inc., Third National Bank Building.

(Special to The Financial Chronicle)
TOLEDO, OHIO—Lester Howard has become associated with Bliss Bowman & Co., Inc., 715 Madison Avenue. In the past Mr. Howard was in business as an individual dealer in Toledo.

TULSA, OKLA.—Meredith Kilgore is being transferred from the local office of Francis, Bro & Co. to the firm's main office at Fourth & Olive Streets, St. Louis, Mo.

**Fritz To Represent
Wertheim In Phila.**

PHILADELPHIA, PA.—Sparta Fritz, Jr., for many years a consultant to public utility companies, has become associated with Wertheim & Co., 120 Broadway, New York City, as Philadelphia representative. In the past he was an officer of Martin & Co., Inc.

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**Reisacher At Russell
Hoppe, Stewart, Co.**

(Special to The Financial Chronicle)
PORTLAND, OREG.—Frederick A. Reisacher, Jr. has become associated with Russell, Hope, Stewart & Balfour, Wilcox Building. Mr. Reisacher was formerly associated with Federal Securities Co. for many years as manager of the trading department.

Fred Miller in Denver

(Special to The Financial Chronicle)
DENVER, COLO.—Fred W. Miller is again active as a dealer in securities from offices at 600 Harrison Street, under the name of Fred W. Miller and Company.

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R. Amor Reiter With John E. Joseph & Co.
(Special to The Financial Chronicle)
CINCINNATI, OHIO—R. Amor Reiter has become associated with John E. Joseph & Co., 18 East Fourth Street, in a sales capacity and will assist in executing orders in the "street." Mr. Reiter, who has been in the securities business for the past fifteen years, for the past five and a half years was manager of the trading department for the local office of Dominick & Dominick.

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Covt. Labor Policies Entail Chaos, Serfdom

Describing government labor policies as "little short of chaotic" Walter D. Fuller, President of the National Association of Manufacturers, stated on Sept. 1 in a Labor Day letter to 8,000 member manufacturers that "it is neither good citizenship nor industrial statesmanship to accept policies or recommendations which would enslave labor and amount to an abdication of the functions and duties of private management."

Specifically referring to the "incident of national significance," which occurred at the Federal Shipbuilding and Drydock Co., Kearny, N. J., when 18,000 workers quit warship construction because of a CIO union demand for one form of the "closed shop," Mr. Fuller's message labelled the incident "of far reaching importance." The Kearny strike, he stated, is important "not merely to the particular company involved, not merely to the community in which that company operates, which together with the State of New Jersey may hereafter be deprived of its tax revenue, and not merely to the employees of the particular company, who as federal employees may now exercise privileges only, where once they had rights. The incident is important in any consideration of the immediate future of the American system of free enterprise and the American system of representative democracy."

Summing up his message, Mr. Fuller wrote: "The long term interests of America require, and the present defense emergency demands, the overhauling of our labor laws and their administration, promulgation of basic principles to be followed by all public agencies in the field of employment relations, imposition of reasonable obligations upon labor organizations, protection of the right to work for employees and protection of rights of private ownership and management for employers."

Government seizure of the Kearny plant was referred to in these columns Aug. 30, page 1214.

Offers Interesting Booklet

Registrar and Transfer Co., 2 Rector Street, New York City, and 15 Exchange Place, Jersey City, N. J. has prepared a descriptive booklet on the advantages of their dual arrangement as transfer agents in both New York City and Jersey City, which arrangement is acceptable to the New York Stock Exchange and other Exchanges. Copies of the booklet will be sent by Registrar and Transfer Co. on request.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for January 1, 1939 to date: High—34%, low—14%, last 33 1/4.

An Analysis Solvent and Reorganization Railroad Securities which should be of real interest to Dealers

Copy on request

PFLUGFELDER, BAMPTON & RUST
Members New York Stock Exchange
61 Broadway NEW YORK
Telephone—Digby 4-4933
New York Bell Teletype—NY 1-310
RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

Recent publicity given to the shortage of oil and gasoline in the eastern section of the country, particularly coming as it does at a time when fuel needs are increasingly rapidly, naturally causes speculation as to the possible effect of the shortage on the railroads. The longer term influence is being accepted in many quarters as fundamentally bearish in that the present emergency is necessitating the construction of pipe lines to the east which will inevitably aggravate the competitive situation when shipping returns to normal. For the present, however, it is bound to have a stimulating effect on traffic of at least some of the eastern roads, and the influence should last through the winter at any rate. Not only will the railroads get an unusual volume of petroleum products, but coal traffic will also be heavier as many plants are forced to shift over from oil.

Quoting the Lamp, publication of Standard Oil Co. (New Jersey), The Oil and Gas Journal recently stated that on July 10, tank cars carrying East Texas crude oil moved into the Bayway, N. J. refinery. The shipment, amounting to more than 6,000 barrels, represented the first such movement in twenty years. By late Fall it is expected that tank car receipts to the refinery will have increased to 30,000 barrels daily. The rail rate on these shipments runs between 55 cents and 65 cents a barrel, depending on the point of origin. The revenues involved may not be important to some of the larger roads sharing in the business but it should prove considerable boon to Central Railroad of New Jersey which will be on the terminating end of all of it. Greatest shipments are expected to come from Lima, Ohio, via the "Nickel Plate" to Buffalo, and thence shared by "Lackawanna" and Lehigh Valley. These latter two would turn the traffic over to Central of New Jersey at Taylor, Pennsylvania and Wilkes-Barre, respectively. Other shipments will originate at Martinsville, Illinois, with most of the haul over the Pennsylvania Railroad, and Owensboro, Kentucky which is served by Louisville & Nashville. The joint rail-ope line shipments from East Texas to Bayway cost \$1.00 or slightly more per barrel which compares with 39 cents a barrel shipping costs under normal conditions.

Of more general benefit to virtually all eastern carriers, including those serving New England, and of far greater moment from a revenue and earnings standpoint, will be increased shipments of coal arising from the shifting over from oil by a number of utility and industrial consumers. This shift will be to bituminous coal and has already assumed sizable proportions. Last week, Grover Whalen who has been appointed to supervise the gasoline conservation program in New York, announced that in this immediate area alone five companies are changing to coal and have already ordered 2,195,000 tons. The largest of these is presumably Consolidated Edison Company which converted early in June and expected thereby to effect a saving of

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Mercantile Commerce Bond Dept. Adds Ewin

ST. LOUIS, MO.—The bond department of the Mercantile-Commerce Bank and Trust Company, Locust-Eighth-St. Charles, has announced the appointment of Robert B. Ewin as southwestern representative. Mr. Ewin's territory will include southern Missouri, Arkansas, Oklahoma and Kansas. He formerly was associated with the First National Bank and Trust Company, Tulsa, Oklahoma, and from 1936 until his present appointment was connected with the Tulsa office of Francis, Bro. & Co., St. Louis investment firm.

2,000,000 barrels of oil through the balance of the year. Standard Oil Co. of New Jersey is also using coal in its Bayway refinery. Many large office buildings in New York are expected to look to coal for heating purposes this winter also.

What is happening in New York, moreover, is being duplicated throughout the eastern seaboard states, building up an unprecedented demand for coal and again bringing fears of a possible car shortage. The condition may be aggravated by drought in some sections which has curtailed hydro-electric operations. Finally, and again of more importance to some of the poorly situated New Jersey roads, there will be a shifting back to anthracite coal for domestic heating purposes. These potentialities are being reflected in a quickening speculative interest in Central Railroad of New Jersey and in securities of Lehigh Valley and "Lackawanna" which may be expected, relatively, to benefit most.

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Bank and Insurance Stocks

This Week — Insurance Stocks

A number of factors resulting from the present high rate of business activity have combined to produce a very favorable outlook for the operations of the fire and casualty companies. Significant progress has already been made in the first six months of this year and conditions point to an extension of these gains for a considerable period in the future.

In the first half of this year the average fire insurance company reported a gain of about 15% in premium volume over the 1940 period. All indications are that the growth in premium volume will continue for the balance of this year and thus it is expected that the total premiums for the full year 1941 will exceed the previous peak reached in the year 1929. The casualty companies showed a similar trend in premiums written in the first half of this year in which the gain was about 10% over last year. The business of this group is likewise expected to show further gains in the last half of this year.

An important factor accounting for the increase in fire premiums has been the huge amount of building activity in industrial plants. The expansion of home construction, which has been substantial, has also contributed significantly to the increase in fire writings. Another factor which will continue to influence the trend of premiums is the impending increase in the price of commodities and all forms of insurable property. This tendency should be accelerated if the impending price inflation becomes a general reality. The greatly expended volume of business has already required all kinds of commercial and industrial organizations to carry much larger inventories and this has increased their need for insurance coverage. As there is no prospect of any contraction in these stocks for a considerable time this should continue to be a cause of holding up premium volume.

For the same reasons the casualty companies have felt the demand for wider coverage on workmen's compensation and other forms of casualty-surety policies for which the need increases with expanding industrial activity. Automobile liability

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coverage has been an important line for the casualty companies and even though a curtailment of automobile production is in prospect the number of cars in use will continue to be large and therefore require protection.

Profit margins on the new underwritings should continue to be good as the expansion in volume has been at a rate that has been greater than any attendant increase in expenses. Another point in this connection is that the loss ratio should be more favorable in a period of rising prices and values and this is borne out by the records of the first half of 1941 which show fire losses to be about 3.6% lower than the same period in 1940. While losses from sabotage may be an added threat under present conditions it is to be remembered that the insurance companies are not liable for losses that occur from proven sabotage.

Investment operations are beginning to benefit from the larger volume of funds available for investment as a result of increased premium volume. While present investment conditions make it difficult to get more than a nominal return on invested assets those companies which have large holdings of stocks are already sharing in increased dividend disbursements.

While most insurance stocks have discounted this promis-

Bank and Insurance Stocks

Inquiries invited in all Unlisted Issues

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Gets Feminine Touch

PORTLAND, ORE. — Beautiful girls, clad in slacks, will act as boardmarkers in the local office of Merrill Lynch, Pierce, Fenner & Beane, Wilcox Building, it was announced by Ferdinand C. Smith, manager, who stated that his male boardmarkers were entering military service or taking other jobs in defense industries.

Business in the local office ought to boom.

The Securities Salesman's Corner

Editor's Note: Beginning this week we are starting a new column. It will be devoted to sales promotional ideas and other phases of retail securities distribution.

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

This Week We'd Like To Talk About Morale!

The other day the writer happened to bump into several of his salesman friends. As usual the first question to pop up was, "How's business?" Has this recently happened to you? Then you know how the story went. Yes, you're right, everybody was looking for sympathy. Before one of the boys could get his full quota of blues out of his system, he was interrupted by a sadder and longer story from somebody else. By the time a half hour was wasted it appeared as if the whole crowd was ready to sell out to Joe Stalin, Adolf Hitler and the little guy down the corner with the "three ball" sign outside his door.

Strangely enough one of the group had remained silent. So out of place was this strange behavior that someone finally queried, "What's the good word with you Joe? You haven't shed a single tear."

This was Joe's chance. He smiled a little and then did he let loose? "You know fellows", and he carefully measured his words, "I've only been standing here for one reason. I want to give you the other side of the story. I know all of you and I like you. I can sympathize with you because I too have gone through just the same thing you have been talking about. In fact I had it so bad I once thought I'd have to get out of this business and my Doc even told me that if I didn't let up on the strain and the worryin' I might have to go to a sanitarium to boot."

"But I didn't do it. Instead I sat down with myself and I began to figure things out. The more I figured the more convinced I became that I was letting a lot of things get the best of me THAT I COULDN'T DO A THING ABOUT ANYWAY SO I JUST DECIDED TO FORGET ABOUT THEM AND GO BACK TO WORK AS I HAD NEVER WORKED BEFORE. I mean just this—I was worrying, whether private capitalism was going to last, whether the country was going Bolshevik, whether we'd have currency inflation, what might happen to my wife and kids and all the rest of the things you've been talking about."

"Then I finally came to the conclusion that there is always another side to every balance sheet. There's a credit as well as a debit. I started to look at

the good side of the business we're in and I began to find a whale of a lot of good despite all the dark clouds that are now so much in all our minds. Regardless of all the present day outcries to the contrary, there is a real economic justification for our business. I know we are the boys who gather the capital and by so doing we create both jobs and wealth. I began to see that if we do our level headed best for our clients at all times that's about all that anyone could expect us to do. In spite of present day uncertainties we can help a lot of people who might otherwise receive incompetent advice about their investments.

"Then as to inflation—why not sell people securities? Certainly they at least will have a better chance to survive if they hold a well selected group of securities instead of an over-abundance of cash. Meanwhile markets don't go down forever. We've been in a bear market since March 1937. That's over three years; sooner or later, the pendulum always swings back again; that's history. There are also thousands of different securities that people already own. Surely they must be interested in knowing about the present status of their holdings. The more I considered this other side of the story the more certain I became that the first thing I had to do in order to get my business rolling once again was to give my whole attitude a darn good going over. And fellows," he continued, "it's helped a lot!"

"Last but not least, about this country going socialistic, I do agree that what we have now is no kid's picnic. But we salesmen have one advantage in judging this present day trend of business and government—we know something about human nature. Here's where I think old Uncle Sam is going to win out after all. Someday the very people who have given the "Slap Happs" and the theorists who have been running our country their great support are quite likely to be the very ones who are going to turn against them. I mean it—I believe the "dreamers" are going to beat themselves. Sooner or later they are going to go just a little bit too far and when that day comes you watch the American people get some sense again. I just can't believe that one hun-

ing outlook somewhat by reaching the highest prices in recent years, there are many stocks which still afford a good yield and on which the current dividend rate seems assured for the visible future.

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NEW YORK AGENCY
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RR Securities Analyzed

A detailed analysis of solvent and reorganization railroad securities of real interest to dealers has been prepared by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies will be sent by Pflugfelder, Bampton & Rust on request.

Murphy In New Connection

YONKERS, N. Y.—Francis I. du Pont & Co. and Chisholm & Chapman, members of the New York Stock Exchange, announced today that Chester J. Murphy is now associated with them as co-manager of their local office, 20 South Broadway. Mr. Murphy was formerly branch office manager in Yonkers for Cohen, Simonson & Co.

dred and fifty years of building this great country can finally end up in bedlam.

"You see," Joe concluded, "I've got the right psychology again. Now I am leaving the big problems to the radio guys and the newspaper kibitzers. I am working again. I am getting a kick out of each day. I am feeling better and making some money, too. I am not going to let the war, the blues, politics, troubles or anything else keep me from doing my level best. It's sort of like my old man once told me, 'If a thing is worth doing at all, either do it right or don't do it.' I proved to myself that it applies to selling securities just the same as it does to anything else."

With this Joe went on about his business. We believe he was right—what do you think?

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Reserve fund £4,125,965
Deposits £69,921,933

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(ESTABLISHED 1817)

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Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1940 £143,903,000

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General Manager

Head Office: George Street, SYDNEY

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\$1,037,000,000 Tax Notes Have Been Sold

The Treasury Department announced Sept. 2 that \$1,037,000,000 of tax-anticipation notes were sold during August to individuals and corporations to provide for payment of Federal income taxes. These notes, which were placed on sale Aug. 1 at the Treasury and at the Federal Reserve banks, with local banks permitted to take orders for their customers, are of two series, Series A-1943, for smaller taxpayers providing a return of 1.92% a year, and Series B-1943, for the larger corporate and individual taxpayers, earning about 0.48% a year. A full description of these tax notes was given in these columns of Aug. 2, page 625.

UP-TOWN AFTER 3

SCREEN

"Unfinished Business" (Universal) Stars Irene Dunne and Robert Montgomery; features Preston Foster. Produced and directed by Gregory La Cava. Currently at the Rivoli Theatre, N. Y. Rating "AA".

The story of a small town girl with a yen for travel, to do and see things, who comes to New York and winds up by marrying a millionaire playboy. It all begins when the girl (Irene Dunne) leaves Messina, Ohio headed for New York and runs into Preston Foster on the train. She falls for him with a dull thud but after reaching the big city he gives her the well known brush-off. After kicking around she ends up as a singing phone operator at a night club where she meets not only her train lover, who is busy celebrating his coming marriage, but also his drunken brother (Robert Montgomery). So she marries him but doesn't live happily forever and a day. Some more complications come up. The whole thing is quite interesting even if unbelievable.

"When Ladies Meet" (MGM) Stars Joan Crawford, Robert Taylor, Greer Garson and Herbert Marshall. Features Spring Byington. Directed by Robert Z. Leonard. Opening to-day at the Capitol, N. Y. Rating "AA".

An amusing and, at times, even an interesting story about a lady writer (Joan Crawford) who gives her boy friend (Robert Taylor) the air and goes ga-ga over her publisher (Herbert Marshall). Of course it's not all easy sailing. For one, publisher Marshall has a wife, (Greer Garson) who, accustomed to his tomcat proclivities, doesn't intend giving him up, and for another, boy friend Taylor refuses to fade out of picture. Unknown to each other the two women meet and discuss Life and Love. Out of this tete-a-tete comes the Final Understanding. Spring Byington as the fluttery nitwit is grand. Robert Taylor does a great job. Greer Garson as the misunderstood wife is wholly believable. Joan Crawford, well, she's Joan Crawford. Herbert Marshall is not one of our favorites and after seeing him in this one we still fell the same way.

DINING

"The Barbary Room" (19 E. 52nd St.) One of those places you have to see to believe it exists. For a restaurant that is open until the wee hours having no dancing, music or other entertainment, the place is a revelation. There are three things that makes it a standout: Its food; its architecture and decorations; and last but hardly least its managing director, Jim Moriarty. Of its food, we haven't enough superlatives to describe it. You'll have to try it yourself. Architecture and decorations? Well, all we can tell you is that Norman Bel Geddes was given a big pocketbook and told to go ahead. The result is something to make your eyes pop. It has a mirror covered ceiling thirty feet above the floor out of which stars twinkle, while the walls (all of them) are sheets of mirrors stretching from the dimly lit ceiling to the softly lighted floor. It's not a very large room but the mirrors throwing back reflections upon reflections give it a feeling of space we haven't seen in any other place in New York. The ruler of this room is a tall, sandy thatched Irishman, Jim Moriarty. He's the genial sort you call "Jim" after only a few moments. At one time during our talk he mentioned casually that he was one of the few people who spoke and read Gaelic. We were tempted to try him out but as our knowledge of Gaelic is limited to three words for which we once had our face slapped, and cognizant that Jim towers above us by at least two feet, we decided that discretion is the better part of valor. Incidentally the Barbary is still on a gold standard. All the knives, forks, etc., are gold (we learned later that they're a copper composition called duro-gold) and it's the height of something or other to stick a piece of herring into your mouth with a gold fork. All this elegance comes high but is definitely a place to visit but better come well heeled.

NIGHT CLUB

Leon & Eddie's, one of the old standbys on New York's famed 52nd Street is, so far as we know, the only place in midtown that puts on the kind of show that people from out of town go for with a bang. Like strip tease dancers? Leon & Eddie's have one on the bill (Rose La Rose) that'll make your heart miss a couple of beats. Want a good looking chorus line? Then the Bobby Sanford girls more than satisfy. No fancy drapes, mirrors or lighting effects here. Instead the walls are covered with cartoons of girls in various stages of disarray under which are captions that will make you bust with laughter. This scheme is carried even into the rest rooms. In the men's wash room the conveniences are painted to resemble the heads of Hitler and Mussolini. A good deal of amusement in a night club is generated by the patrons. Well, here they have a dance called "booms-a-daisy" where the show girls choose guests as partners and away they go! It's fun to watch even if you don't participate. Prices after 10 call for a \$3 minimum which may be consumed in either drinks or food.

Treasury Bills Tenders

Secretary of the Treasury Morgenthau announced on Aug. 30 that the tenders to the offering last week of \$100,000,000, or thereabouts, of 91-day Treasury bills totaled \$383,608,000, of which \$100,369,000 was accepted at an average rate of 0.090%. The Treasury bills are dated Sept. 3 and will mature on Dec. 3, 1941. Reference to the offering appeared in our issue of Aug. 30, page 1204.

accepted bids for the offering is from Mr. Morgenthau's announcement of Aug. 30:

Total applied for \$383,608,000.
Total accepted \$100,369,000.

Range of accepted bids (excepting one tender of \$25,000).

High, 99.986, equivalent rate approximately 0.055%.

Low, 99.975, equivalent rate approximately 0.099%.

Average price, 99.977, equivalent rate approximately 0.090%.

(35% of the amount bid for at the low price was accepted.)

AFFILIATED FUND INC.

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Investment Trusts

Our defense program was instituted about mid-1940. At that time the stock market was at a temporary low—111.84 as measured by the Dow-Jones Industrial Average on June 11, 1940. Since then the tempo of defense has been gradually stepped up, and the stock market has moved slowly upward, reaching a high of 130.06 on July 28, 1941 as measured by the Dow-Jones Industrial Average.

"What's the best war-time investment? What should I be buying now?"

That's what the investor wants to know. And the most logical way to examine securities is from the angle of protection and profits under a war-time economy.

What have the open-end investment companies been doing during the past few months as this country has been turning towards a war economy?

During this brief period of change-over from peace to war production the open-end investment companies have turned in a very creditable performance. Obviously, no properly diversified portfolio could be expected to act like a lucky "war baby". The aim of a diversified portfolio is to turn in average results, remembering that the usual investor fares not nearly so well as the market averages.

From the low of June 11, 1940 to the high of July 28, 1941 the twenty leading open-end trusts listed below produced an average performance substantially better than that of the Dow-Jones Industrial Average.

With the Trusts (whose performances are adjusted to include dividend returns) are compared the thirty stocks which make up the Dow-Jones Industrial Average, also adjusted for dividends, and the Dow-Jones Industrial Average itself, to whose performance has been added the arbitrary figure of 6% to adjust for dividends.

Performance June 10, 1940—July 28, 1941

Open-End Investment Companies	Change
American Business Shares	+25%
Boston Fund	+27
Broad Street Investing Co.	+31
Bullock Fund, Ltd.	+31
Commonwealth Investment Co.	+42
Delaware Fund	+34
Dividend Shares	+33
Eaton & Howard Stock Fund	+29
Fidelity Fund	+24
First Mutual Trust Fund	+26
Fundamental Investors	+29
Incorporated Investors	+34
Investment Company of America	+47
Investors Fund C	+33
Massachusetts Investors Trust	+26
National Investors	+19
New England Fund	+30
Selected American Shares	+32
Sovereign Investors	+28
Wilmington Fund	+36

FUNDAMENTAL INVESTORS, INC.

PROSPECTUS ON REQUEST

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Stocks Composing Dow Jones	Average	Change
Dow Jones Industrial	Average +31%	
Industrial Average	Average (plus 6%) +22%	
Allied Chemical	+28%	
American Can	+39	
American Smelting	+11	
American Tel. & Tel.	+04	
Am. Tobacco B	+17	
Chrysler	+27	
Corn Products	+13	
du Pont	+43	
Eastman Kodak	+22	
General Electric	+19	
General Foods	+13	
General Motors	+54	
Goodyear	+51	
International Harvester	+42	
International Nickel	+61	
Johns-Manville	+66	
Loew's	+50	
National Distillers	+17	
National Steel	+11	
Proctor & Gamble	+23	
Sears Roebuck	+33	
Standard Oil (Cal.)	+42	
Standard Oil (N. J.)	+33	
Texas Corp.	+30	
Union Carbide	+15	
United Aircraft	+42	
U. S. Steel	+19	
Woolworth	+07	
Average	+29%	

Among the many interesting observations that can be drawn from these figures is that while individual stocks outperformed individual trusts (as is to be expected) the average trust results were better than the average for the individual stocks. Moreover, while an investor buying individual stocks in the Dow-Jones Industrial Average might have experienced a gain of only 4%, including dividends, while the poorest record turned in by any of the trusts during the period was a gain of 19% including dividends. One-third of the industrial stocks recorded advances of less than 19%.

(Continued on Page 13)

Republic Investors Fund, Inc.

Prospectus on request

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PROSPECTUS ON REQUEST

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September 2, 1941

The Municipal Market

If we in this country continue to appropriate almost entirely in billions, as we are now doing, it is not unlikely that in a few years the total burden of taxation will become so heavy that a readjustment will be necessary in the

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traditional fiscal relationships between the various units of government. This necessity, if it occurs, will stem directly from the loose fiscal policies of the present administration. It goes without saying that when readjustment comes, the autonomy of the states will be further limited.

Calling attention to the Treasury's appointment some time ago of a committee (headed by Luther Gulick, director of the Institute of Public Administration) to "re-examine the problem of federal-state-local fiscal relations," the Editorial Research Reports digest suggests that the committee will find much food for thought in the experience of state and local governments during World War I. Altogether, that experience was favorable because conditions themselves were favorable; the public debt was negligible and there was little or no conflict of function as between the state and the federal government.

Just as it did in World War I, rising national income probably will operate to increase temporarily state and local tax yields. If state and local public works are deferred and other types of non-defense expenditures eliminated or reduced, the various subdivisions of government will benefit. On the other hand, however, any reduction in the state and local tax burden seems almost certain to be smaller than the prospective rise in the federal tax load. Hence the total burden

will be increased over the longer term.

Ending of Tax-Exempt Status Still Sought

Since Congress is currently casting about for new tax sources to be tapped in the supplying of ever-increasing defense demands, Treasury officials are said to be hopeful of successfully consummating its long campaign to tax State and municipal obligations. The Treasury is reported as looking forward to a favorable decision of the case before a court of appeals on the bridge and port authority suits, as an entering wedge for steamroller activities.

Long-Term Financial Programs Of Many Cities May Serve As Models

Municipalities planning to operate on a pay-as-you-go basis during the national emergency period can use as models the long-term spending programs developed by various cities since 1916 to help them through depression and prosperity years, the Municipal Finance Officers Association of the United States and Canada said on Monday.

By putting such programs in operation now, many public officials say, cities would bolster their post-war economy and, for the present, avoid difficulties in obtaining needed public works materials scheduled for other purposes under the priorities system.

Properly developed long-range programs, the Association said, give public officials a device to control capital expenditures in terms of types of improvement and timing of construction, and enable a city to take advantage of a general economic situation by spending in times of depression and conserving in times of relative prosperity.

A study of long-term spending programs of 30 cities, published by the Milwaukee municipal reference library, shows that agencies undertaking long-range programs vary from city to city. They have been sponsored by finance officers, mayors, city managers, commissions, planning boards and public works officials.

The present tendency is to make the city council or chief executive responsible for determining over-all policies, with technical

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responsibility resting with the finance and budget officers, the public works department and the city planning agency.

Until 1930 the usual practice was for cities to prepare long-term programs for a fixed period of time—five to 10 years. Since 1930, however, the majority of successful programs have been of the continuous type; that is, the program is reviewed and revised annually and a year added to replace the year just elapsed.

Improvement programs of various cities differ widely in scope, from plans covering activities of a single department or function, such as those of the library board in Seattle and the school board in Milwaukee, to comprehensive long-term plans embracing all revenues and expenditures of a municipal government. Between these extremes there have been plans for improvements financed exclusively by bonds or special tax levies and plans covering all improvements or all capital expenditures. Methods of partial financing include the levy of a special millage tax for improvements, or allocation of a fixed sum over a period of years to be obtained by special levies.

Municipalities Warned to Replace Gasoline Taxes

Many municipal officials are apparently neglecting to prepare for a possible sharp falling-off in revenue from gasoline taxes, according to Louis F. Leberthal, head of the odd lot Municipal Bond House which bears his name. He pointed out that states derive a considerable part of their revenue from this source with a similar situation existing in many large municipalities. Mr. Leberthal said "Municipal officials should not be misled by

the failure of the curfew law and other efforts. It is certain that in one way or another, the use of gasoline will be restricted during the coming months with a corresponding decline in gasoline tax revenues."

He added that there is no immediate cause for alarm; but that, nevertheless, municipal officials should now be giving serious thought to replacing imperiled gasoline taxes.

Municipal Finance Officials To Discuss Defense Problems

To establish a uniform policy for solving critical problems which the national defense program is creating in American cities, the Municipal Finance Officers Association of the United States and Canada has called an emergency conference in New York City for October 3 and 4, it was announced on Monday.

Comptroller Joseph D. McGoldrick of New York City will outline a concrete program for municipalities during the post-war period, and Lawrence M. Orton, a member of the New York City Planning Commission, will describe the effects to date of defense upon local planning and projects.

As a result of the far-reaching effects defense has already produced upon cities throughout the country so far as taxes, priorities and general policies are concerned, the finance officers will seek to outline specific remedies for new and critical administrative situations which have been created, the announcement stated.

The conference, it was said, was called at the request of officials before whom new and pressing problems were coming for decision.

Mass. Legal Investment Law Revised

The savings bank investment statute of the Massachusetts general laws was completely revised at the 1941 session of the Legislature, we are officially informed. Chapter 413, Laws of 1941, approved on June 26, 1941, to become effective Dec. 1, 1941, carries this revision of Section 54 of Chapter 168 of the General Laws. The changes, which are not retroactive, classify New York State as one of the States adjacent to Massachusetts and thus liberalize the requirements with respect to New York municipal securities. As now amended, bonds or notes of New York counties, towns, cities, etc., qualify as investments for Massachusetts savings banks subject to the same tests as apply to municipalities originating in the States of Maine, New Hampshire, Vermont, Rhode Island and Connecticut.

The revised law uses the assessed valuation of taxable real property as the basis for computing net debt, whereas the old law used the valuation of all property for the assessment of taxes. Because of this change the legislature has increased the net indebtedness limits. For instance, where the net debt limit for cities having a population of 30,000 and not more than 100,000 inhabitants was formerly 5%, the limit has been increased to 6%, and in the case of larger cities it has been increased 7% to 8%.

In the section of the law setting up restrictions with respect to obligations of municipalities in other States several changes have been made.

New Pa. Municipal Borrowing Act

The Pennsylvania Legislature passed and Governor James

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signed on June 25, 1941, a bill designated as "The Municipal Borrowing Law," and is now Act No. 87, Session of 1941. The Act, which becomes effective Jan. 1, 1942, is a praiseworthy attempt to restate the existing law, as set out in the Act of 1874 and its numerous supplements and complex court decisions, in one place for the convenience of local officials.

It does not confer on anyone the right to borrow any money nor does it take away the right to borrow. It rather sets up the procedure for borrowing where the power to borrow is conferred by the various municipal codes or other laws. Further information on the subject may be obtained from William S. Livenood, Jr., Secretary of Internal Affairs, Harrisburg, Pa.

Maryland Adopts New Capital Program

A capital improvement program which "should live and more with the times" has been adopted by the Maryland State Planning Commission, the American Public Works Association reported.

The program for expanding the state's facilities and buildings is to cover six years, but it will be subject to biennial revision, in order to meet any changes the future may bring. At the end of each two-year period, an additional two-year plan will be projected, so that the program actually becomes perpetual.

Adoption of the program was preceded by a joint study by the Planning Commission and the State Department of Budget and Procurement, with technical assistance of the National Resources Planning Board.

Philadelphia Redemption

The City of Philadelphia last week issued a call for redemption on Oct. 27 next of \$8,804,000 of 5 1/4 per cent callable bonds, a move which municipal bond circles expect will be preceded by the sale of a new issue of serial bonds at a lower interest rate.

The \$8,804,000 of 5 1/4s were issued in October, 1921, are callable after Oct. 28, 1941, and mature in October, 1971. The refunding will effect a considerable saving in interest to the city. The issue will be paid off at par and accrued interest at the office of the city's fiscal agent. The 5 1/4s were not included in the Drexel & Company-Lehman Brothers refunding plan, under which the holders of \$131,064,000 of the city's obligations are voluntarily refunding their securities for new issues.

A Philadelphia news report states that the city has come a long way financially since the depression years of the early '30s. The era of budget deficits to which the average Philadelphian had become accustomed is now a thing of the past and the point has been reached where various city officials are now estimating how large the city's surplus will be at the year-end.

Louisiana Debt Structures Analyzed

The 1941 edition of their publication, "Bond Structures of the State of Louisiana and Its Parishes," has just been prepared by Scharff & Jones, Inc., Whitney Building, New Orleans. A copy of this highly informative booklet will be supplied gratis by the above firm, on request from either dealers, institutions or individuals who have an interest in Louisiana securities.

San Francisco Seeks Approval Of Hetch Hetchy Bonds

At the general election this November voters of San Francisco will pass on the proposed issuance of \$66,500,000 bonds, the funds to be used for the purchase of the distribution system of Pacific Gas and Electric Company, to serve the Hetch Hetchy power plant. The City Attorney was instructed to draw a charter amendment to allow for the issuance of the bonds, with the approval of Interior Secretary Ickes.

Utilities Manager Cahill is said to have told the Board of Supervisors he believes the bonds can be marketed at 3% and retired in 33 years.

Minn. Attorney General Rules Against Bond Prepayment

The state board of investments of Minnesota can not be compelled to accept payments on county bonds before they are due. J. A. Burnquist, attorney general, ruled last week in an opinion requested by the attorney for Renville County. Mr. Burnquist held in his opinion that the board could refuse the payment even though the county might be able to obtain a lower rate of interest by refinancing its debts.

Russell Frazee, Renville County attorney, said the county had borrowed \$202,000 in state bonds drawing 4 and 5 per cent while the county could now refinance its obligations at 2 per cent. Mr. Burnquist maintained that his decision was based on provision in the state constitution which holds that state trust funds are "inviolable."

Industrial Firm Outbids Bankers for Bonds

An incident which served to break the summer lethargy in the municipal field took place last week in the form of a successful bid by a private corporation for \$129,000 Wyandotte, Mich., sidewalk and paving bonds, due Sept. 1, 1942 to 1945. Michigan Alkali Co. won the award of the bonds on a bid of 100.11 for 3/4 per cent securities, just nosing out Halsey, Stuart & Co., Inc., which underwriting firm bid 100.06 for 3/4 per cent bonds. Dealers were unable to recall any incident in recent years in which a manufacturing corporation bid successfully for a municipal issue, although insurance companies sometimes won awards.

N. Y. City's Sinking Funds Declared Sound

City Comptroller Mc Goldrick reported last week to the board of estimate that New York City's sinking funds are on the "soundest basis which prudent fiscal planning can provide" and actually ended last year with a \$4,045,680 surplus.

When the 1940-41 fiscal year ended on June 30 the sinking funds, he said, had assets on hand equivalent to more than 26% of all the outstanding corporate stock debt. The comptroller also said that a \$26,053,076 reduction in this outstanding debt "reflects our policy of financing capital improvements more and more

through the issuance of serial bonds rather than by corporate stock, because of the more economical character of the former."

Jacksonville Offers Bond Exchange Plan

A letter is being sent out by Natt T. Wagner of New York City, to holders of certain bonds of the above Florida city, explaining a proposal made by the city to exchange for certain outstanding bonds maturing in the years 1942 to 1945, inclusive, new refunding bonds maturing in 1950 to 1959. The refunding bonds will bear interest at the rate of 4% to the date of maturity of the presently outstanding bonds exchanged therefor and 2 1/2% there-after to maturity. The new bonds will dated Sept. 1, 1941. The City of Jacksonville has entered into a contract with Mr. Wagner whereby he is to assist the city in consummating the exchange of the bonds.

USHA Announces Local Bond Offerings

Nineteen local housing authorities are offering for public sale on Sept. 17 a total of \$4,767,000 series A bonds for slum clearance purposes. Since the initial sale in February of last year of several small issues of Local Housing Authority series "A" bonds, market interest in this new type of investment security has steadily broadened.

Dozens of investment houses are now bidding for new issues as they appear and, through the combined retail sales activities of these specialists, thousands of investing institutions and private investors are becoming acquainted with Local Housing Authority obligations.

Sept. 4th (Today)

\$1,000,000 Chicago Sanitary Dist., Ill.

On June 5 the district awarded \$4,000,000 bonds to a syndicate headed by Salley, Stuart & Co., Inc., of Chicago. Break-up in the bidding was the National City Bank of New York, and associates

Sept. 11th

\$745,987 Utica, N. Y.
More, Forgan & Co., and Schwabacher & Co., both of New York, bidding jointly, obtained the award of the bonds offered on May 1. The joint account of Graham, Parsons & Co., and Hemphill, Joyce & Co., both of New York, was runner-up.

Sept. 12th

\$1,230,000 Cuyahoga Co., Ohio
The county awarded bonds last March to a syndicate headed by Field, Richards & Co., Inc. of Cleveland, while Halsey, Stuart & Co., Inc. of Chicago, was second best.

Sept. 17th

\$4,767,000 USHA bonds
This offering is made up of: \$133,000 Alexandria, Va., \$98,000 Decatur, Ga., \$97,000 Fort Lauderdale, Fla., \$97,000 Granite City, Ill., \$227,000 High Point, N. C., \$227,000 Hammond, Ind., \$82,000 Key West, Fla., \$138,000 Kinston, N. C., \$52,000 Lakeview, Fla., \$389,000 Macon, Ga., \$38,000 Madisonville, Ky., \$277,000 New Bedford, Mass., \$195,000 New Bern, N. C., \$63,000 North Little Rock, Ark., \$818,000 Peoria, Ill., \$1,338,000 San Antonio, Texas, \$21,000 Sarasota, Fla., \$346,000 Springfield, Ill., and \$132,000 Texarkana, Texas, housing bonds.

Sept. 23rd

\$509,000 Prince George's Co., Md.
Small bond issue was awarded in Oct. 1939 to Butcher & Sherrard of Philadelphia. Next highest bidder was Halsey, Stuart & Co., Inc., while John Nuveen & Co. of Chicago, was third.

Hanauer 10th Anniversary

NEWARK, N. J.—J. B. Hanauer & Co., 1180 Raymond Boulevard, established in 1931 to specialize in New Jersey municipal bonds, will celebrate its tenth anniversary on Thursday, September 11th, 1941, by holding open house at its Newark office.

Now Wm. C. Seufferle Co.

Cincinnati, Ohio—Wm. C. Seufferle & Co., Carew Tower, has succeeded Seufferle & Kountz. William C. Seufferle, proprietor of the new firm, was formerly a partner in Seufferle & Kountz and prior thereto was an officer of Fullerton & Co., Inc.

Tomorrow's Markets

Walter Whyte Says

(Continued from Page 3)

optimistic note. It is possible that this one will end differently but that's something only time itself will prove.

Right now the big question on everybody's lips is why does the market creep along the way it does, rather than shoot up and recognize those super, super earnings. Well, one answer is the war, another is taxes. At least these are the most popular answers around. If you want more you can get them by just standing on the corner of Wall and Broad Streets for a half hour or so, or drop in to any boardroom.

I suppose there is a real answer to this question of "why?" But I don't pretend to know it. All I know is what the ticker tape says and right now it's not saying a thing. I realize that's poor satisfaction for anybody who reads this in the hope, or maybe it's just a desire, for some kind of an answer. However I don't make the market, I merely interpret it.

Yet the picture isn't quite as glum as you might think. For while the current market seems incapable of moving up it has indicated in the last few weeks that it's next important move—when, as and if—will be on the upside.

There has been no sign in recent days to change that indication. But before you go off half cocked and decide the whole thing is simple as pie—buy 'em, hold 'em and make a lot of money—allow me to break in with just a little warning.

Yesterday afternoon a small cloud appeared on the market horizon. It wasn't an important cloud and may be dissipated before today is over, but important or not there it was. It appeared in the poor action of the oil stocks. I know there are reasons, rationing, etc. But reasons are one thing I don't like. It's the easiest thing in the world to have a reason but the poorest substitute for profits I know of. In any case the market has again worked itself into a position where any further reaction from here will not be pleasant.

Of course I might give you a certain "average" and tell you that such and such a figure must hold. But nobody I know has any averages. They have stocks. You'll have little to cheer if your average goes up, say two points, if your stock does nothing or goes down two points.

The same thing is true the other way. The averages may go down a couple of points or so but if your stocks refuse

to follow suit or, better still, go up, then so far as you're concerned the market's swell.

If you've read so far then you must have realized that my writing pontifically about economics, trade factors or other matters equally impressive would be silly. So that being the case I'll devote the rest of this column to the stocks reader hold, or have been advised to buy here from time to time.

Last week I recommended Wheeling Steel at 29 or better. The stop at 27 still applies. In addition to this one you still hold positions in the following:

Their buying levels and prices under which they should not be held follow:

Swift & Co., bought between 24-25; stop at 23 1/2. Warner Bros., bought at 5; stop at 3 3/4. Anaconda bought at 27; stop at 25. Bendix bought at 37; stop at 34. N. Y. Shipbuilding bought at 15; stop at 26. Savage Arms (old) bought at 17—equivalent to 4 on present new; stop at 14 1/2. Western Union bought at 24; raise stop from 22 3/4 to 25 3/4. I advised acceptance of profits in Western Union at 30 or better. During the week it managed to reach 29 3/4 but did not cross the 30 level. Profit advice still holds.

More next Thursday.

—Walter Whyte

The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.

Non-Signatory Coffee Quotas Are Allocated

The President's Executive Order executive order on Aug. 22 allocating the quota established under the Inter-American Coffee Agreement for countries which are not signatories "in order to afford such countries an opportunity to supply a fair share of the quota." The President ordered that for the quota year beginning Oct. 1, 1941, the quota limiting entries for consumption of coffee produced in countries which are not signatories of the Inter-American Coffee Agreement shall be allocated as follows:

British Empire, except Aden and Canada	33.04%
Kingdom of the Netherlands and its possessions	36.77%
Aden, Yemen, and Saudi Arabia	7.24%
Other countries not signatories of the Inter-American Coffee Agreement	22.95%

The President's executive order stipulated that during the effective period of this order, no coffee produced in the countries specified in paragraph 1 (as above) may be entered for consumption in excess of the respective quotas calculated by applying the percentages specified in paragraph 1 to the total quota for countries not signatories of the Inter-American Coffee Agreement.

The order will cease to be effective on Sept. 1, 1942.

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Moody's Commodity Index Up Slightly

Moody's Daily Commodity Index closed at 214.2 this Tuesday, as compared with 213.4 a week ago. The principal individual gain was made in the price of cotton.

The movement of the index has been as follows:

Tuesday, August 26	213.4
Wednesday, August 27	214.3
Thursday, August 28	214.2
Friday, August 29	213.9
Saturday, August 30	214.2
Monday, September 1	214.2
Tuesday, September 2	214.2
Two weeks ago, Aug. 19	210.5
Month ago, Aug. 2	212.7
Year ago, Sept. 2	171.8
1940 High—Dec. 31	171.8
Low—Aug. 16	149.3
1941 High—Aug. 27	214.3
Low—Aug. 27	214.3

*Holiday.

Want A Hedge?

FHA Insured Mortgages offer the best "hedge" security for banks and insurance companies, according to Storms and Co., Commonwealth Building, Pittsburgh, Pa., which has prepared a most interesting circular on the subject, copies of which will be sent upon request.

WHISPERINGS

Put 'n Call dealer Seymour Ziff is the authority for the following yarn which he insists is no yarn at all. It all happened to a friend of his. It seems that his friend (who also lives on the Jersey coast) was inbibing too well if not too wisely and as the hour grew later hazily began to wonder about how he would manage to drive home. Upon expressing his apprehensions to a bar companion he was told that he (the bar companion) was driving in the same direction and if our inebriated friend were to follow him he would not wander off the road. After another drink to celebrate their new found friendship the pair set off, each in their respective cars. The second car was following the first car when suddenly car number one made a sharp right turn and stopped, and car number two rammed right into the first car. Driver of car number two stepped out: "Damn it all, man, why didn't you put your hand out!" The driver of the first car looked at him in amazement "Golly, I forgot all about you—and besides I didn't know I had to put my hand out in my own garage."

International Paper directors who meet for dividend action next will not do anything on the \$5 accumulation . . . action will be postponed until the consolidation goes through. . . West coast bulls are heavy buyers of Douglas 90 day paper. . . Consolidated Aircraft will pay \$1 on the new split stock. . . Tool, jig and other charge offs are currently being applied by airplane companies against current income. . . so no sharp upturn in net to be expected until last quarter. . . August "Background" published by Lord, Abbett gives detailed analysis of Far East and traces Sino-Japanese relationship back to 1868. . . It's a grand job 'n you can get it all for just writing them.

Magistrate Charles Solomon was sitting in judicial review on the N. Y. Park Department's ruling that a person may not use newspapers to sit on in public parks. One man who received a summons was standing before him awaiting his decision. After studying whatever papers magistrates study, hizzoner looked up and chiddingly warned the Park Department: "A man has a right to protect his rear end from dampness."

One of Wau, Street's brighter lights, a young man who had been doing well was worried when he received a notice from his local draft board to appear for medical examination. After all, he reasoned, he had been years in getting some of the business that was just beginning to come in, and he wasn't going to give that up for any \$21 a month. So before calling at the draft board he went around to his own doctor. He examined him and told him he was sorry but there was nothing wrong and that the chances of his being rejected by the Army were slim. "However," he added, "your eyes are a little weak." The next morning our young friend appeared at the local board. After the usual questions he was ushered into the doctor. "Doctor" the young man explained, "I can't see very well." The doctor, going on with his examination didn't say anything except "h-m-m-m." Finally he came to the eyes. "So" said the doctor, "You can't see very well, eh?" "No sir," replied the young man joyfully, seeing a rejection in the offing. "It's all right, son" assured the exam-

iner, "we'll put you way up front where you won't miss anything."

Sid Lurie, Parrish & Co.'s new security analyst-economist reads whodunits for relaxation. He insists, however, that the only way to read a mystery is to start it in the middle. In that way, he explains, you have the thrill of being in the dark about both the ending and the beginning.

The other day we dropped in to see a partner of a member house. We found him sitting at his desk surrounded by cancelled checks, and wearing a dark scowl. "I give up!" he announced in stentorian tones as we entered the office. "Give up what?" we asked meekly. "Look at these checks" he roared. We started to look. "Never mind" he interrupted, "I'll tell you about it instead. . . . So we listened and here's the sad tale: His wife had received a notice from her bank that her account was overdrawn. Being aware of how her husband felt about such things she decided to solve the matter herself. So she made out a check on the same bank, same account and sent it to them. She is now wondering why the bank and her husband act so stuffy about such a small thing.

Department Reports Weeks Food Purchases

The U. S. Department of Agriculture announced on Aug. 29 the purchase of the following food supplies during the week ending Aug. 23:

Commodity	Quantity
Pork Meat Products	
Canned	9,865,552*
Cured	15,398,000*
Casings	16,300†
Lard	12,072,800
Shell Eggs	5,600‡
Dried Eggs	646,760*
Frozen Eggs	300,000*
American Cheese	2,039,000*
Dry Skim Milk (Spray)	413,000*
Dry Skim Milk (Roller)	950,400*
Evaporated Milk	279,000*
Canned Fish (Spots)	40,600†
Canned Fish (Futures)	72,000†
Canned Prunes	290,000†
Canned Potatoes (Spots)	110,000†
Canned Bartlett Pears	105,150†
Tomato Paste	18,600†
Tomato Puree	43,000†
Dried Beans	2,104,000*
Dry Beans	1,790,000*
White Potatoes	74,000‡
Carrots	8,052‡
Beets	4,060‡
Tomatoes	8,996‡
Corn	9,205‡
Snap Beans	269‡
Cabbage	42‡

* Pounds.
† 100-yard bundles.
‡ Cases.
§ Bushels.

The Department also announced that the Surplus Marketing Administration during the week took over 10,000 bales of cotton 69,464,000 pounds of tobacco and 360,000 bushels of corn from the Commodity Credit Corporation.

The Department indicated that these food supplies can be used for domestic distribution to public aid families and for free school lunches, to meet requirements for the Red Cross for shipment to war refugee areas, for transfer to other countries under the terms of the Lend-Lease Act, or for stabilization reserves.

NYSE Borrowings Up

The New York Stock Exchange announced yesterday that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Aug. 30 aggregated \$513,242,068, an increase of \$108,769,527 as compared with the July 31 total of \$404,472,541. The Exchange's announcement follows: The total of money borrowed

HERE AND THERE

(Continued from Page 3)

During the last 30 days, 109 of the issues increased in price, 21 showed declines while 70 were quoted at the end of the month at the same level as the opening prices.

GRAND PRIZE WINNERS

The grand prize award for the most excellent and attractive exhibit at the New York State Fair has been awarded to the Aetna Casualty and Surety Company of Hartford, Conn.

Second prize was won by the New York Telephone Company. Exhibitors from every section of the country were entered in the contest.

EASIER HERE—WE HOPE

Pointing out that inflation in the United States is only at its beginning, Hemphill, Noyes & Co. in a study just completed express the opinion that control of inflation is easier here than in any other nation of the world because of our large volume of available agricultural commodities and our very large productive capacity. It is improbable that this country will have a runaway or monetary type of inflation, according to the study, but the nation is nevertheless faced with the first phases of inflation and safeguards against it must be considered.

SAYS BROOKMIRE

Earnings reports continue to reveal a definite, though somewhat spotty, expansion in corporation profits. Widening restrictions at home, and war developments abroad, however, may exert a tempering influence on market psychology. Clients should retain the moderate cash existing in their funds, but the bulk of their holdings in well-diversified sound stocks should be maintained intact.

NOT THE FIRST TIME

The situation is not devoid of pitfalls and danger spots. This has, however, been the case, in one form or another, during any period of business expansion and profit chances since the days of the pioneers, and is no deterrent to evaluation of today's opportunities. It merely calls for redoubled vigilance in the judicious planning and supervision of investment portfolios and commitments for price appreciation.—J. S. Bache & Co.

RAILROADS AND GRASS ROOTS

Railway abandonment will continue with increased acceleration unless the communities threatened get the traffic back to the rails, W. M. Maupin, former member, Nebraska State Railway Commission, warns in a recent article in *Public Utilities Fortnightly*.

"The back-to-the-rails movement must begin at the grass roots," he says; "begin right where rail abandonment threatens the pocket-books of those who live along the branch lines."

NO TRAFFIC JAMS, EITHER

Without interference with other heavy traffic, more than 1,650,000 members of the armed forces of the nation were transported by the railroads during the first seven months of the year.

THE SECOND PHASE

To an ever-increasing extent, the defense program is moving out of the period during which the main emphasis was upon the construction of new plants and the building of machine tools. The next phase will be that in which there is still greater production of materials and equipment which these plants and machines can turn out for the use of the Army and Navy and for shipment abroad. It will involve many more changes among normal business operations than have been required up to this time. These changes will greatly affect the general trend of all industrial and trade activity.—*La Salle Business Bulletin*.

SECONDARY DISTRIBUTIONS

Available information indicates that during the first six months of 1941 at least 6,500,000 shares of equities were distributed in this manner (secondary market distributions) by financial firms. This figure includes over two million shares of British holdings. In 1940, 2,600,000 shares were similarly placed. Blocks varied in size with 1,518,639 shares of Libby, McNeill & Libby the largest number of shares involved.—*Shields & Company*.

FOIL SANS ALUMINUM

Complete substitution of non-essential composition metal for aluminum foil has been announced by the Display and Container Divisions of the Reynolds Metals Company, largest manufacturers of foil in the United States.

Before the present shortage of aluminum, the Reynolds research laboratories began experiments with foils of other metals, and various plastics and substitutes. Because of this research, the new composition metal packages were ready for market as soon as the demands of defense production took over all available stocks of aluminum.

These new containers of composition metal foil are finding ready acceptance in the food field, according to J. Louis Reynolds, general sales manager of the company. The foil presents opportunities for brilliant display. Gold and silver backgrounds for embossed and printed labels and packages predominate in early deliveries of the new composition metal.

National Banks

The following information is from the office of the Comptroller of the Currency, Treasury Department:

COMMON CAPITAL STOCK INCREASED

August 26 The First National Bank of Beresford, Beresford, South Dakota. From \$25,000 to \$50,000.

Amount of increase—\$25,000.

COMING EVENTS

Sept. 4, 1941 (New York City)

New York Stock Exchange members 45th annual golf tournament at Glen Oaks Club, Great Neck, L. I.

Sept. 8-9-10-11, 1941 (Cleveland, Ohio)

Financial Advertisers Association Convention at the Hotel Statler

Sept. 10, 1941 (Des Moines, Iowa)

Iowa Investment Bankers Ass'n annual Field Day at Wakonda Country Club.

Sept. 12, 1941 (New York, N. Y.)

Security Traders Association of New York annual summer outing and dinner at Hummocks Country Club, Mamaroneck, N. Y.

Sept. 12, 1941 (New York, N. Y.)

The Revelers 12th annual outing at Pomonok Country Club, Flushing, L. I.

Sept. 18-19, 1941 (Chicago, Ill.)

Municipal Bond Club of Chicago Fall Party & Field Day at Bob O'Link Country Club.

Sept. 23-24-25, 1941 (New Orleans, La.)

National Security Traders Association Convention at the Roosevelt Hotel.

October 7-8-9 (Biloxi, Miss.)

Twenty-fourth Annual Convention of National Association of Securities Commissioners at Hotel Buena Vista.

Nov. 30-Dec. 5, 1941 (Hollywood, Fla.)

Annual IBA Convention at Hollywood Beach Hotel.

Farmers Get Highest Prices Since May 1930

Prices received by farmers for their products advanced 6 points during the month ended Aug. 15 to reach 131% of the 1910-14 level, the U. S. Department of Agriculture said on Aug. 30. Following other recent advances, this rise carried the index to a level not exceeded since May 1930. Other details were given by the Department as follows:

All groups of commodities advanced during the month and all were substantially higher than the rather low prices of a year earlier. The greatest rise of the past 12 months was the 51-point increase in cotton and cottonseed prices. Meat animals followed closely with a 48-point advance. Compared with a year ago, chickens and eggs were up 40 points, dairy products 26 points, and grains 23 points.

Prices paid by farmers continued to rise, but prices received advanced at a faster rate. This brought the two indexes to exactly the same level and the ratio of prices received to prices paid stood at 100% for the first time since January 1937. With this exception, the purchasing power of farm products has been consistently lower than the pre-war average since May 1928.

The index of prices paid, interest, and taxes also advanced during the month and on Aug. 15 was 135. On this basis, the purchasing power of farm products was 97% of the 1910-14 average.

With a below-average cotton crop in prospect and increased domestic consumption continuing, the combined index of cotton and cottonseed prices advanced 7 points during the month to 128—the highest in 12 years.

Dealer Briefs

Scranton, Pa.

Investors can buy earning power today dirt cheap. My opinion is that sound, well-selected securities should be bought, despite wars, rumors of war, high taxes, administration evils, and almost anything else. This country isn't going to ballyhack, and those of us that get right down to brass tacks and hump and hustle and put our clients into good securities are going to come out all right, and so will the investor.

Of course, securities may and can go lower, but what of it; there is every reason to believe good securities will continue to pay, and real values will manifest themselves in higher prices some day—*Charles E. Robertson, Warren W. York & Company*

Philadelphia, Pa.

While the turnover of listed stocks is only 1/7th of what it was in the depressed year of 1918, a fact which is profoundly disturbing, we must remember that securities, both stocks and bonds, rest in more hands than ever before. There is latent in this fact an opportunity for greatly increased activity. We believe that faith in the capacity of American industry to go forward on a profitable basis will again establish itself. When this time comes, there should be more sunshine in the lives of both investors and dealers. Meanwhile "THUMBS UP!"—*A. C. Wood, Jr., A. C. Wood, Jr. & Co.*

Regardless of union wage demands the low priced rail bonds and borderline situations are still attractive for further appreciation, with particular emphasis on Seaboard and "Katy." From the industrial point of view Indiana Limestone bonds offer a rare speculative opportunity, based on new developments.—*George J. Ourbacker, F. J. Young & Co., Inc.*

While practically all our individual customers are retaining substantial cash reserves, many who have heretofore confined their portfolios to better-grade bonds have diversified their holdings by the purchase of Insurance and Bank Stocks of long dividend records and unquestionable management. Our business has been better than we expected, and is improving.—*Clyde L. Paul, Paul & Co., Inc.*

We believe horse racing association securities to be one of the best mediums in which to invest funds which do not require marketability because of the high rate of return and, contrary to general opinion, safety.

Horse racing is probably the oldest business in the world. It may be subjected to political whims but these are not as serious as they may seem because the states receive their share and do not want to do anything to cut off revenues. Many do not realize race tracks are privately organized corporations, owned and operated like any other business for a profit. This type of security is often closely held mainly because of the excellent dividends paid. Over a period of time prices do not fluctuate widely but the high return can be consistently relied on.

Racing today as a sport and a medium of speculation for the masses is becoming increasingly popular. It provides a day's exercise in the fresh air and usually entails a pleasant trip and change of scenery. The pari-mutuel handles most of the tracks thruout the country have shown a steady increase. The

track and state make money on their division of the "take" or percentage deducted from the total money handled thru the pari-mutuel machines.

Everybody is happy with a day's racing, the taxpayer, the track, the racing fan, and the stockholder, in addition to breeders, owners, handlers and farmers. Horse racing securities in our opinion are good investments any time, war or no war. The public must be entertained.—*Alexander Smith, Alexander Smith & Co.*

Providence, R. I.

We find that as the cost of living increases and a dollar buys only fifty cents of merchandise, investors are inclined toward sound common stocks which show a long dividend record with prospects of larger earnings.—*Eli A. Wilcox*

Although investors are timid and inclined to hold an unusually large amount in cash, the chief trouble with the investment business today seems to be the attitude of the dealer himself.

Recently a block of 500 shares of First National Bank of New York stock was brought to our attention. Believing the offering price of \$1485 was attractive, three of us partners went to work, with enthusiasm; the result showing total sales of 79 shares to 29 customers. The commission was small but at least we got some fun out of doing a job.—*Albert H. Poland, Miller & George*

Reading, Pa.

Bank stocks at current levels are extremely cheap, particularly sound Trust Companies. A Trust Company with its broader powers can earn more money, but they will all benefit greatly with any swing upward of money rates.—*Elmer W. Gray, Jr.*

Wilkes-Barre, Pa.

American investors are passing up a wonderful opportunity to buy the stocks of good sound corporations at the lowest prices in relation to earnings many of us have ever seen. For over two years we have been waiting for a selling climax and although we have passed through "Dunkirk", "Coventry" and "Crete", many are still waiting. During this period Dow-Jones averages have changed little from day to day, and are now about the same as they were at the end of August 1939, but a great many individual issues, and particularly preferred stocks with dividend arrears have had spectacular advances. We believe there are many more opportunities in securities of this type regardless of Hitler, John L. Lewis, or decisions in Washington.—*F. C. Booker, Booker Brothers, Inc.*

Heads U.S.-Moscow Mission

President Roosevelt announced on Aug. 29 that W. Averell Harriman, Minister to London expediting lease-lend aid, will head the United States' mission to Moscow to discuss with Russian and British representatives the problem of Soviet supplies needed in the war against Germany. The other members of the mission will be named shortly. No indication was given by the President as to how soon the mission would leave. This conference was suggested to Premier Josef Stalin of the Soviet Union by the President and Prime Minister Winston Churchill of Great Britain, following their recent conferences held at sea, for the purpose of deciding on apportionment of joint resources in the most effective manner. Their joint letter and Premier Stalin's acceptance of the conference proposal was referred to in our issue of Aug. 23, page 1063.

JOTTINGS

(Continued from First Page)

the defense program. Probably few people realize the enormous increase in the American merchant shipbuilding program which has been effected in the last six months, and particularly by the deficiency bill signed by the President last week, which by itself nearly doubles the authorized ship construction. Present plans now call for the construction of nearly 1,400 ships by the end of 1943 of a deadweight tonnage of nearly 14,000,000 tons. This would be a shade larger than the total merchant ship construction of the United States during and just after World War I. The program calls for 6,500,000 tons annually in 1942 and 1943, which would be well over the current rate of sinkings, round 5,000,000 tons a year. Welding, pre-fabrication, and the use of standard types have already sharply speeded the rate of construction; quickest World War job from keel-laying to delivery was seven months and 24 days; for ships of comparable weight and speed this has already been cut to five and a half months and may be brought down to four months. First of the 60 ships ordered by the British here last December came off the ways August 16, ahead of schedule.

Gist of the present labor situation, high-lighted by the Kearney episode, seems to be that the period of voluntary organization, under six years of the Wagner Act, has been about concluded, and now the drive is to convert this into the closed shop. "Maintenance of membership"—the Kearney issue—is an opening wedge toward the closed shop, and the National Defense Mediation Board's rulings of recent months despite Chairman Davis' recent statement, seem to be paving the way to the closed shop as NLRB rulings did for voluntary unionism and bargaining rights. The closed shop has already been won in Ford, the West Coast shipbuilding industry, and Boeing and may now be looked for in the rest of the automobile, aviation, and shipbuilding industries and then in steel, and these will soon be the country's four biggest industries. NDMB attitude has caused membership maintenance or closed shop to become practically standard items in every labor controversy.

While the Senate Finance Committee took off the House' proposed tax on billboards and radio time sales, advertising agencies are worried. Thurman Arnold seems to have in mind using the gasoline shortage to attack the advertising of brand names. Coordinator Ickes, to judge by the chapter on advertising in his "American House of Lords," has no love for the business. TNEC Monograph No. 1 adversely criticised brand advertising. Mr. Henderson seems minded to exclude advertising from the costs to be considered in fixing price ceilings. Most worrisome thought of all is that in a short time most American industry will be producing either for the government or for a public which will take all it can supply, advertised or unadvertised.

Life insurance sales are barely responding to the current prosperity. They are running scarcely 5 per cent over last year, and the probable 1941 total of under \$14,000,000,000 compares with a 1929 total of over \$19,000,000,000. It is hard to weigh the reasons, which are partly financial, partly psychological. Sluggish increase in "industrial" insurance

How Others View The Market

September Morn

Labor Day not infrequently marks a decisive point in financial markets.

Past market performance is, of course, a most unreliable guide to the future, but it is significant to note that September often brings important changes in the price level, viz: recall the nosedives of 1937 and 1929 and the skyrocketing of 1939, to mention only a few.

The best guarantee against nosedive would seem to be found in the fact that the market is virtually on a cash basis; that the public is "out" and not "in" the market; that idle funds awaiting investment are growing larger and larger; that the purchasing power of the dollar is becoming smaller and smaller; that higher individual income taxes bring increasing pressure upon investors to obtain a larger income from investments, except for the relatively few in the high surtax brackets; that best grade equities yielding upwards of 5 1/2% are infinitely better investment media than high grade long term bonds yielding from 2% to 3%.

Ghosts of Caesar

Investors, unlike Caesar's "All Gaul", may be divided into only two parts, namely those of the "Gee Whiz" and "Aw Nuts" varieties.

The difference between the two is the difference between conditions existing in the late twenties and conditions existing at present.

Today many bonds yield close to 10% and cover fixed charges by a wide margin; some preferred stocks sell for 2 or 3 times share earnings, pay good dividends, and have dividend arrears approximating market prices; then there are some common stocks selling for about this year's earnings, with few buyers.

Clearly the designation which might be applied to the present period is that it might be termed sales may be due to this year's TNEC attack, plus the competition of Social Security. Smallness of the increase in ordinary life sales, made chiefly to the middle class, may be due to fear of inflation, to worry over prospective increases in the income tax, to the rising net cost of life insurance (as companies are forced by lower interest rates to cut dividends), and to general uncertainty over the total economic outlook.

Despite the indication in the recently renewed Bank of France circulation statements that the rate of growth in note circulation is diminishing, the general picture is not changed that a continuous and insidious inflation is under way in the captive democracies. This inflation, for various technical reasons, has a deflationary effect on Germany, which is by various means absorbing goods from the captured countries at cut prices or no cost at all. This tends to weaken the general argument of those who point to Germany as a proof that inflation can be avoided if a modern government is serious about it.

On the other hand those who maintain that the United States is "on the brink of inflation" ignore one curious contrast in the American price situation. Such extremely scarce commodities as the ferrous and non-ferrous metals have experienced practically no price increase. The major price increases have come in commodities, particularly farm crops, which are most redundant. The law of supply and demand has been almost exactly reversed.

the "Aw Nuts" era—with the "Gee Whiz" period yet to come.

Apathy

All that we are trying to say is that the present era of protracted dullness, with volume running around 300,000 to 400,000 daily, is a very long way away from the 10,000,000 share days of the late twenties; that the only important change which can occur is in the direction of expansion; and that any sizeable increase in volume will mean a substantially higher price level.

This is in no sense a prediction that a big expansion in volume is imminent, but rather that the present apathy and indifference on the part of the investing public will not continue indefinitely. What is happening today has happened before—all one has to do is to take a look at the coma periods during World War I, two of which lasted roughly five months each.

Markets are forever prone to run to extremes—the extremes of over-caution and over-confidence. Certainly no one in touch with conditions today would designate the investing public as being over-confident.

Statistics

There is an old adage that statistics will lie, and in passing, it might be well to pay tribute to figures purporting to show the ever increasing array of stockholders.

One large corporation publishes data at regular intervals and today reports more stockholders than in 1929. This is undoubtedly true insofar as it goes, but the point not to be overlooked is that almost every Tom, Dick, and Harry in the market in 1929 had active brokerage accounts. The stocks instead of being in, say, 100 different names were in one name—that of the broker.

Today almost everyone owns securities outright, has them registered in his name and has them locked up in the box. To argue that there are more people interested in stocks today than in 1929 doesn't make sense—at least not much—to us anyway.

And, while on the subject of erroneous statistics—and quizzes—we hope someone someday will launch a quiz movement to end all "Quiz-ings". For an opening question we would like to resurrect the old chestnut, viz: if a farmer has 4 1/2 haystacks in one corner of the field and 3 1/2 in another corner and puts them together in the center of the field, how many haystacks will he have? No, the answer is not 8, but just one awful big haystack.

Utilities

Keynote to the market has been selectivity.—*G. Y. Billiard, J. R. Williston & Co.*

Milkshed Producers To Vote On Price Rise

An amendment which on the basis of present butter prices would in effect mean an increase of 23 cents per hundredweight over the existing \$2.88 producer price set for Class I (fluid) milk under the Federal order regulating the handling of milk in the New York metropolitan area, was announced Aug. 30 by the Department of Agriculture. The amendment, issued by Secretary of Agriculture, Claude R. Wickard for immediate submission to producers and handlers, returns, with the addition of 46 cents per hundredweight, the pricing of Class I milk to the price schedule provided by the order which was set aside by a recent amendment establishing set prices effective July 1. Also raised, by 15 cents per hundredweight, is the schedule price for Class II-A milk (used primarily for cream). The Agriculture Department's announcement further stated: The increases under the amendment would continue in effect until April 1, 1942. Producers of milk for the New York market will vote on the amendment in a referendum to be conducted by mail immediately. A marketing agreement incorporating the changes will be submitted to handlers of milk in the market for their signature. The price changes for the upper classes of milk are being placed before the industry for immediate action because of emergency conditions in the milk producing territory caused by widespread drought and national defense adjustments. These changes based on the record of public hearings held in New York State during the first half of August, are being submitted at an earlier date than is possible to reach conclusions as to the need for amending other provisions of the order. Department officials said they would continue their study of the hearing record to determine whether additional modifications should be made. If so, further hearings would be held to consider proposals to amend other provisions of the order. Also more recent factors affecting farm costs may show further increases, necessitating reconsideration of prices in the order. Plans to hold hearings on the amendment were mentioned in our issue of July 26, page 474.

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"Grand Circle" R. R. Fares To Be Continued

"Grand circle" railroad fares which were to have expired on Oct. 31 will be continued for an indefinite time, John J. Pelley, President of the Association of American Railroads, announced on Sept. 2. First established experimentally in the spring of 1939, they enable travelers to go by rail from their homes to both coasts and return at considerably less than standard rates. "The railroads have decided to keep the greatly reduced fares in effect until further notice," Mr. Pelley said, "because grand circle tours have met with great success and have made it possible for many people to go long distances who might not otherwise have been able to afford it. Since the inauguration of this unique plan, thousands of travelers and vacationists have availed themselves of the opportunity to see America at surprisingly little expense." Under the plan, the railroad spokesman pointed out, a circle tour coach ticket sells for only \$90, and a first-class ticket for \$135, plus special Pullman rates of \$45 for a lower berth and \$34.50 for an upper. Half fares are allowed children between 5 and 12 years of age who are accompanied by parents or guardians.

Bond Prices Remain Steady

There has been very little change in the bond market this week. High grades have continued at former high levels and Treasury bonds have advanced a little.

High-grade railroad bonds have displayed a mixed trend. Atchison Topeka & Santa Fe general 4s, 1995, declined 3/8 to 110 while the inactive traded Kentucky Central 4s, 1987, touched a new 1941 high of 110 1/4, a gain of 3/8 point. Medium-grade issues have been generally firm while the more speculatively situated rail bonds have registered fractional gains in large part. Among the former group, Western Maryland 4s, 1952, were up 1/4 point at 90, while among bonds in the latter category, Pittsburgh & West Virginia 4 1/2s, 1958, advanced 1 3/4 to their 1941 high of 65 1/4. Defaulted rail bonds have been higher with Minneapolis St. Paul & Sault Ste. Marie Ry. bonds being actively traded in upon announcement of an I.C.C. examiner's plan of reorganization for the road.

Trading in utility bonds has been extremely light. Investment quality issues have been steady but lower grades have been irregular. International Hydro Electric 6s, 1944, showed good recovery after early weakness but generally fluctuations have been limited.

Little of importance has occurred in the industrial section of the list. Most obligations have been generally steady, although the International Paper Company bonds were down fractionally, while the International Mercantile Marine 6s, 1941, gained 3/4 point at 90. The Childs Company 5s, 1943, had a sharp run-up, gaining 3/8 points at 50 1/2.

Among foreign bonds Brazilian issues have continued in better demand, especially those of the State of Sao Paulo with the Coffee Loan 7s advancing to a new high. Colombian issues also displayed improved sentiment while Chilean and Argentine bonds have been slightly mixed. Favorable interpretation of recent political developments has been reflected in an advance of Japanese bonds which subsequently relinquished some of their gains under new pressure. Australian and Canadian loans have been firm while in the European list Danish and Norwegian issues have remained steady.

Another Milestone

(Continued from First Page)

In seeking to remedy these defects, we have carried the Chronicle past another milestone by furnishing its readers with a publication more modern and attractive in appearance, far more convenient to its readers the business and financial leaders in the larger banks, insurance companies and corporations throughout the country. They will find that the new and improved Chronicle will supply them with the wealth of information, the discussions and essential statistical data to which they have grown accustomed. It will bring them, too, numerous new features, some of them from the Security Dealers Weekly Financial Reporter which has been combined with the Chronicle.

Though much younger than the Chronicle, the Financial Reporter has won a distinct place for itself among security dealers, brokers and the investment banking fraternity. Its contents and its somewhat more modern spirit will be embodied fully in the combined publications.

This new, yet very old publication will appear three times a week. The Thursday morning issue will carry all the editorial material and special features heretofore found in the Financial Reporter. It will contain, too, the record of business indications, current events and discussions formerly published in the Chronicle. Then, in addition to all this, there will be a number of special articles and departments that are completely new.

Two other issues, one appearing Tuesday morning and the other on Saturday will be devoted to corporation and municipal news and reports. Bank and other financial statistics will be included with stock and bond quotations and similar statistical data heretofore appearing in the Chronicle. The usual corporation and municipal news will be found in the Tuesday and Saturday issues, whereas more general information on corporate and municipal securities will be published in the Thursday issue.

A convenient index covering the more important features and brief summaries of outstanding news developments will be features in the Thursday issue. This will, we hope, be of great convenience to readers. Corporation and municipal news in the Tuesday and Saturday issues will be indexed cumulatively each week. Other material will be properly indexed in each issue. The usual quarterly index covering the entire publication will be continued, but will be substantially enlarged and improved.

Subscribers to the Chronicle will, of course, receive all issues of the new Commercial & Financial Chronicle. The early edition of the Thursday issue alone will be sent to subscribers to the Financial Reporter.

It is, of course, our earnest hope that we have evolved a method of rendering greatly improved service to all of our readers, of bringing our editorial discussions, special features and news reports much more effectively to the attention of our subscribers. At the same time, the specialized sections giving essential statistical data have been redesigned to make this information more easily accessible to those who have for many years been in the habit of using these features regularly.

We shall naturally continue to search unremittingly for opportunities to improve the Commercial & Financial Chronicle still further.

William B. Dana Company

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES (Based on Average Yields) Table with columns for 1941 Daily Average, U.S. Govt. Bonds, Ave. Corporate Rate, Corporate by Ratings (Aaa, Aa, A, Baa), and Corporate by Groups (R.R., P.U., Indus.).

MOODY'S BOND YIELD AVERAGES (Based on Individual Closing Prices) Table with columns for 1941 Daily Average, Ave. Corporate Rate, Corporate by Ratings (Aaa, Aa, A, Baa), and Corporate by Groups (R.R., P.U., Indus.).

* These prices are computed from average yields on the basis of one "typical" bond (3 1/2% coupon, maturing in 25 years) and do not purport to show either the average level or the comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market. † The latest complete list of bonds used in computing these indexes was published in the issue of July 13, 1940, page 100.

Investment Trust

(Continued from Page 7)

Investment Company Briefs

Selling trust shares has been a profitable business for those investment dealers who have "gotten the hang of it" for several years. In a newly-styled, pocket-size, looseleaf sales handbook being prepared for publication by National Securities and Research Corporation, a brief resume points out the advantages of investment trusts to both investment dealers and investors.

The approach of the manual is straightforward:

"Let us say at the start that trust shares are no different than stocks or bonds—there are good, bad and indifferent. All are subject to the risks inherent to investment, and all securities are bought either for 'profit' or 'income', or both. He who wants his dollars 'safe', and no more than that, keeps them in the bank."

Properly constructed investment trusts have advantages for both the investor and the investment dealer not found in the more orthodox securities. One outstanding advantage is that investment trusts afford results comparable to the performance of standard market averages—a record that the "average investor" seldom equals over a long term.

The advantages to investment dealers are outlined as follows:

1) Trust shares are very salable—"Like any other security, they have a market, it is to the 'average' investor who does not have sufficient capital to command ample diversification with professional selection and supervision. This is a large market to which trust shares can render a real service. Remember that no issue is so attractive that everyone buys it, or so unattractive that no one buys it. There are investors, to whom trust shares have no appeal, who want individual issues. Likewise there are others who prefer the group of program investment, if it is properly presented to them. The proof—it is simple! In every town, small or large, there is one or many investment salesmen who fully understand, and believe in, the trust share theory of diversification. These men are usually among the more successful, they always have good securities for sale, and have no limitation of time or issue to complete a transaction."

2) They are profitable to sell—"The largest part of the 'load' does to the retail dealer. The percentage of profit is considerably greater than on any security of equal grade to those in the trust portfolio."

3) The chances that the trust shares will prove satisfactory are better than in the case of an individual issue.—"Diversification removes the risk of unusual loss. Careful selection and supervision improves the chances of bettering the average. The salesman has greater assurance of customer satisfaction and less responsibility. Proper timing of purchase of various risk groups is important."

4) Liquidation at net asset value is provided for in the legal structure of the open-end investment companies. The investor cannot become "frozen" in trust shares because of dull markets.

Pays Past-Due Interest

Holders of State of Pernambuco (United States of Brazil) 7% external sinking fund loan due March 1, 1947 have been notified that interest due March 1, 1939 is being paid beginning Sept. 2 at the rate of \$4.66375 per \$35 coupon, upon presentation to White, Weld & Co., special agents, 40 Wall Street, New York. The announcement added: unpaid interest coupons on this issue, namely those maturing from Sept. 1,

Is Competitive Bidding Working?

(Continued from First Page)

We're about to witness some more big ones. And we've had confirmation of the SEC's intention to make U-50 as broad a rule as possible.

So it is fitting that a recapitulation and a forecast be made.

The Guinea Pigs

Last week, the first clear-cut test of competitive bidding for new utility offerings appeared in the instance of Wisconsin Power & Light's \$30,000,000 financing. The issue aroused widespread interest. It was sold to an underwriting group without hitch.

The company received—to put it mildly, considering the subsequent events—"a good, full price." The deal went over beautifully for the utility, not so well for the underwriters. At the moment, the bonds are moving into the portfolios of investors "slowly," to quote a member of the syndicate.

But that's exactly what we're interested in—an example of what happens when utility securities are sold via competitive bidding instead of through the corporations' traditional bankers.

The other two cases we may consider as guinea pigs were New York State Electric & Gas Co.'s issue of bonds and notes and Philadelphia Co.'s flotation. Neither of those was clear-cut because in both instances, two types of securities were involved. And the SEC's ban on "package bids" confused the situation to an unnecessary extent.

But anyway, here are the guinea pigs and here are the movements that are emerging from the issues sold to date.

Syndicates

One of the most obvious developments is the sudden lengthening of the preliminary period during which syndicates are lined up for selling a new issue.

To be sure they're not left out of a good business deal, to make certain that they're not beaten to the gun by other, more alert firms, investment bankers are lining up their syndicates months in advance of an actual offering.

In some cases, this already is at the ridiculous point. Groups are being formed today for issues that can't be sold until December or even until 1942. Bankers are talking about offerings that may never materialize.

The idea is that if a syndicate manager doesn't line up his group in a hurry, some other competitor will step in and absorb the best distributors. The fear is that if a manager doesn't get to the possible issuer in time, some other competitor may have the situation well in hand before the first one starts moving.

This is an uneconomic and clumsy way of handling new financings, most investment bankers agree.

But they don't know how to work the business in any other fashion under the rule.

Profits

A less obvious—but must more important—trend is that toward smaller and smaller profits for the underwriters of a new issue.

Consider the Wisconsin Power financing, for instance. That's a typical case.

Wisconsin Power got as high a price for its bonds as the market possibly could stand. The winning group

Sec. 11-Yr. Survey Of Utility Subsidiaries

The Securities and Exchange Commission made public on Aug. 28 an eleven-year survey of financial statistics for 218 operating electric and gas subsidiaries of registered public utility holding companies. The compilation includes all companies with assets of \$5,000,000 or more, and is a continuation of the report published last year covering a ten-year period for 188 operating companies. In its announcement, the Commission explained:

The study presents a detailed financial picture for each of the 218 operating companies during the eleven-year period ended Dec. 31, 1940, presenting in each instance an analysis of operating

revenues, depreciation, maintenance, fixed charges, dividends, capitalization, surplus, assets, fixed capital and preferred dividend arrearages. It shows depreciation charges to income, depreciation allowed for income tax purposes, depreciation reserves, preferred dividend requirements, and common and preferred dividends paid.

The study includes percentage computations and charts, the latter of which indicate for each company the income available for dividends on two bases: first, giving effect to depreciation charges as shown on the books and second, giving effect to depreciation charges as shown in income tax returns.

The report was prepared by C. A. Turner of the Public Utilities Division.

A copy of the study may be obtained upon request to the Publication Unit, Securities and Exchange Commission, Washington, D. C.

Last year's report, referred to above, was discussed in these columns of Aug. 17, 1940, page 929.

couldn't, under those circumstances, take as large a commission as it no doubt desired.

It resold the Wisconsin bonds on a 1.28 point spread—the smallest seen on a comparable issue in many, many months. Ordinarily, the spread would be 1½ to 1¾ or 2 points.

Competitive bidding forces underwriters to bid high for bonds, compels them to re-offer the securities on as close a margin as can be worked out.

The underwriter, the middleman—is caught in between two price walls.

And judging from the experiences of bankers so far, the profit spread to investment bankers is going to become narrower and narrower.

Smaller Groups

Other developments from competitive bidding stem right from that one major point—the decline in investment banker profits.

Because investment bankers are getting smaller fees, they have to keep their original and selling groups as small as possible. (Otherwise, they'd get next to nothing out of a deal.)

Only a few years ago, the SEC was screaming for larger and larger banking groups, for nation-wide distributions of issues, for "profits to everyone instead of to a few big houses."

But the competitive bidding rule has reversed and will reverse further this trend toward larger groups.

Already, the new movement is apparent. First Boston Corp.'s bidding syndicate for the Wisconsin Power issue included only 14 houses—against an ordinary number of 25 to 50 or more. Halsey, Stuart's group included 19 firms—against an ordinary number twice or three times as large.

The groups are going to be small, compact, powerful—consisting of firms that not only have capital and good will among financial interests but also have wide distributing facilities.

The medium-sized house that has none of these virtues on a great scale is going to be pushed closer and closer to the wall.

Mistakes

Finally, there is this point—which is not a development so far but a real, strong fear among reputable bankers. And that point is that with the break-up of the professional relationship between a banker and a corporation, important "errors" are liable to creep into a new issue.

Until now, traditional bankers have been helping the borrowing firms with the financings despite the rule. Corporations have received aid from sources that certainly will grow tired of business on an idealistic basis as the months go by.

Can corporations set up their own deals without great risk of error? Will the lack of investigation by competing bankers—who can't afford exhaustive examinations of properties unless they're sure of ultimate return—cause a "serious incident" in the future?

Several bankers admit they expect trouble in this direction. And they're afraid to guess what will happen after one bad mistake shows up.

The Future

These are the trends that are beginning to appear out of the muddled competitive bidding picture. These are movements that will become obvious to all as the fall months pass and millions of dollars of new utility obligations are sold via the bidding method.

If the market remains firm and quiet, though, no great difficulty probably will arrive for some time.

When trouble may start is when the market begins declining and when selling high-grade securities becomes a job of real proportions.

Then is when the honest test of bidding will be made. And when trouble may start is when corporations begin selling stock as well as bond issues.

During the last few years, 85 per cent of registered issues offered to the public have been top-grade bonds. Less than 6 per cent have represented common stocks. Less than 10 per cent have been in the form of preferreds.

It's comparatively easy to judge prices on a high-grade bond in a strong market.

But how easy will it be to submit to a corporation competing prices on a stock issue? How easy will it be to judge the "fairness" of bids for the securities of a small, unknown concern?

And how well will U-50 work in a sagging market? The SEC's competitive bidding rule is now four months old. Before it's a year old, it probably will have been tested in much more difficult markets.

And before it has celebrated many anniversaries, it may be vitally altered for the protection of the investor—as well as for the protection of other interests concerned.

Calendar of New Security Flotations

OFFERINGS

SAN DIEGO GAS & ELECTRIC CO.
San Diego Gas & Electric Co. registered with SEC's San Francisco Regional Office, 60,375 shares 5% Cumulative Preferred Stock, \$20 par.
Address—Electric Bldg., 861 Sixth Ave., San Diego, Cal.
Business—An operating public utility company, supplying electric and gas service in and near San Diego, Cal.
Underwriter—Is Blyth & Co., Inc., San Francisco, Cal.

Price—\$24.25 per share plus dividend.
Purpose—Net proceeds will be used to reimburse company's treasury, in part, for capital expenditures heretofore made, which, since Dec. 1, 1940, have exceeded \$2,000,000. Company states that it intends to reduce the amount of its indebtedness to banks, which, on July 31, 1941, amounted to \$1,450,000, by an amount equivalent to approximately the entire net proceeds of this financing.
Registration Statement No. 2-4823 Form A-2. (8-26-41) (San Francisco)
Offered—September 3, 1941.

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, SEPT. 4

TACOMA CO-OPERATIVE PLYWOOD
Tacoma Co-operative Plywood has filed a registration statement covering 124 shares of \$1,000 par common stock.
By-laws prohibit anyone from owning more than one share.
Registration Statement No. 2-4816 Form A-1. (8-16-41)

Underwriting—Underwriters are: Bonbright & Co., New York, Paine, Webber & Co., New York, Mitchell, Tully & Co., Los Angeles, Wisconsin Co., Milwaukee.
Offering—13,071 shares subject to Exchange Offer, under which the company (to Wisconsin holders) and the underwriters (to holders elsewhere) offer to holders of outstanding \$6 preferred stock right to subscribe on share for share basis, to the \$5 preferred stock, at price to be supplied by amendment. Unsubscribed portion of such 13,071 shares, plus the remaining 3,000 shares of \$5 preferred stock registered, will be offered to the public, at a price to be supplied by amendment.
Proceeds—Will be used to redeem on Oct. 21, 1941, the 13,071 shares of outstanding \$6 preferred stock, at \$110 per share, or purchase thereof, balance to reimburse company's treasury for expenditures made in past for additions and betterments to its property.
Registration Statement No. 2-4820 Form A-2. (8-25-41)

JEWEL TEA COMPANY, INC.
Jewel Tea Co., Inc., registered with SEC 50,000 shares Cumulative Preferred Stock, \$100 par, dividend rate to be supplied by amendment.
Address—Principal executive office—Jewel Park, Barrington, Ill. Statutory office: Woodbury, N. Y.
Business—Engaged primarily in retailing food products and of certain articles of personal and household use, through route business in direct-to-the-home sales, and also through food stores in the Chicago area.
Underwriting—Terms of underwriting, if any, will be supplied by amendment.
Offering—Terms of offering will be supplied by amendment.
Proceeds—Net proceeds will be used to finance the cost of certain additional production and warehousing facilities and sales outlets, and for working capital.
Registration Statement No. 2-4817. Form A-2. (8-21-41)

MORGANTON FURNITURE COMPANY
Morganton Furniture Co. registered with SEC 1,875 shares 6% cumulative preferred stock, \$100 par, and 25,000 shares common stock, \$2.50 par.
Address—Morganton, N. C.
Business—Engaged in the manufacture of furniture.
Underwriters—R. S. Dickson, Co., Inc., Charlotte, N. C., 1,075 shares preferred, 15,000 shares common; Stein Bros. & Boyce, Baltimore, 550 preferred, 7,500 shares common; Interstate Securities Corp., Charlotte, 250 preferred, 2,500 common.
Offering—The preferred and common stock registered are to be offered to the public for the account of three selling stockholders who are to receive the proceeds from sale thereof. The preferred will be offered to the public at \$102 per share, and the common stock at \$17.75 per share.
Registration Statement No. 2-4822 Form A-2. (8-25-41)

SEARS, ROEBUCK & CO. (Pension Fund, Etc.)
Savings & Profit Sharing Pension Fund of Sears, Roebuck & Co. Employees and Sears, Roebuck & Co. registered with the SEC 17,500 Memberships in the Savings & Profit Sharing Pension Fund of Company and its employees, and 160,000 shares outstanding no par capital stock of Company.
Address—Chicago, Ill.
Business—The Fund is an operating fund for employees of company. Company is engaged in the mail order and retail merchandising business.
Underwriting—None.
Offering—A maximum of 17,500 employees of company are entitled to obtain membership in the Fund by paying for the above memberships by contributing 5% of their salary or service allowance for 12 months period following the effective date of the registration statement, but \$250 is the maximum any one member may contribute for the year. Aggregate contributions for such period by all members of the fund is estimated not to exceed \$3,750,000. The maximum of 160,000 shares of outstanding no par capital stock of the company registered with the SEC, is to be purchased at not more than the market by the Fund for its members during 12 months period following the effective date of the registration statement.
Registration Statement No. 2-4819 Form A-2. (8-22-41)

NORTHERN NATURAL GAS COMPANY
Northern Natural Gas Co. registered with SEC 355,250 shares common stock, \$20 par.
Address—Aquila Court Bldg., Omaha, Neb.
Business—Owns, operates and maintains a natural gas pipeline system of 2,783 miles in length, from Texas and Kansas fields to points in Nebraska, Iowa, Minnesota and South Dakota.
Underwriting—Blyth & Co., Inc., is named principal underwriter; others to be named by amendment.
Offering—The 355,250 shares are already issued and outstanding and are owned and held by United Light & Railways Co., which will receive all of the proceeds.
Registration Statement No. 2-4871. Form A-2. (8-25-41)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.
United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock.
Address—6543 Penn Ave., Pittsburgh, Pa.
Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise.
Underwriting—None.
Offering—The 4,000 shares of common stock will be sold by the company direct to (exclusively) retail druggists, at \$50 per share.
Proceeds—Will be used for purchase of equipment, and for working capital.
Registration Statement No. 2-4818 Form A-2. (8-22-41)

TEXAMERICA OIL CORP.
Texamerica Oil Corp. registered with SEC 119,891 shares common stock, \$2 par.
Address—Milam Bldg., San Antonio, Tex.
Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.
Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at \$1.75 per share and 74,157 shares at \$2, from company.
Offering—118,907 shares to be offered to public at \$2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.
Proceeds—Will be used to pay outstanding mortgage indebtedness (\$200,000), and remaining \$26,626 will be added to working capital.
Registration Statement No. 2-4824 Form A-1. (8-27-41)

COMMONWEALTH TELEPHONE CORPORATION
Commonwealth Telephone Corp. registered with SEC 16,071 shares \$5 cumulative preferred stock, \$100 par, and subscription receipts therefor to be issued pending authorization and delivery of the stock.
Address—122 W. Washington Ave., Madison, Wis.
Business—Operating subsidiary of General Telephone Corp., furnishing telephone service in 113 communities and surrounding territories in Wisconsin.

COMPOSITE BOND FUND, INC.
Composite Bond Fund, Inc., registered with SEC 32,500 shares \$1 par common stock.
Address—601 Riverside Ave., Spokane, Wash.

MISSOURI UTILITIES CO.
Missouri Utilities Co. registered with SEC \$3,150,000 First Mortgage Series A 3 1/2% bonds, due June 1, 1971, 14,000 shares 5% cumulative preferred stock, \$100 par; and 125,000 shares common stock, \$1 par.
Address—Cape Girardeau, Mo.
Business—Engaged principally in generation, transmission, distribution and sale of electricity, in 56 communities in Missouri and two in Arkansas. Company is a subsidiary of Community Power & Light Co.
Underwriter—The bonds are not to be sold to public; they are to be sold by company to Dillon, Read & Co. for 104%, and in turn to be sold to Equitable Life Assurance Society of the U. S. for 104%. Names of underwriters of the 5% preferred stock and the common stock registered, will be supplied by amendment.
Offering—The 14,000 shares 5% preferred and 125,000 shares common stock are to be issued under a reclassification of outstanding capital stock of company. Of the 5% preferred stock registered, 11,912 shares will be offered to public for account of company and 2,088 shares will be offered to public for account of Community Power & Light Co. The 125,000 shares common stock will be sold to public for account of Community Power & Light Co.
Proceeds—To company from sale of the \$3,150,000 of bonds and 11,912 shares of 5% preferred stock, will be used as follows: \$2,811,200 to purchase for cancellation from Community Power & Light Co. that amount of company's outstanding Series A and D First Mortgage bonds; \$1,111,385 to pay or purchase indebtedness owing by company to its parent and an affiliate, on open account and promissory notes; \$420,000 to redeem company's outstanding 4,000 shares 7% preferred stock, \$100 par, at 105 Balance of proceeds will be set aside for expenditure by company for property additions and improvements.
Registration Statement No. 2-4826 Form A-2. (8-29-41)

BEACON ASSOCIATES, INC.
Beacon Associates, Inc. registered SEC \$500,000 6% Participating Sinking Fund Debentures, due July 1, 1971.
Beacon Associates, Inc. interest rate on \$500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6 1/2% per annum, according to amendment filed with SEC July 21, 1941.
Address—216 Turks Head Bldg., Providence, R. I.
Business—Engaged in the small loan business in Rhode Island and Massachusetts.
Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85.
Underwriter—F. L. Putnam & Co., Inc., Boston.
Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries.
Registration Statement No. 2-4790. Form A-2. (6-27-41)
Effective—3:00 P.M. E.S.T., August 22, as of July 17, 1941.

BEAR MINING AND MILLING COMPANY
Bear Mining and Milling Co. registered 153,145 shares of common stock, \$1 par.
Address—513 Majestic Bldg., Denver, Colo.
Business—Mining and milling.
Underwriter—None.
Offering—Stock will be offered publicly at \$1 per share, selling commission, 35%.
Proceeds—For development equipment and operation mining property near Breckenridge, Colo.
Registration Statement No. 2-4571. Form A-1. (11-12-40)

BONWIT TELLER, INC.
Bonwit Teller, Inc. registered 39,334 shares of 5 1/2% cumulative convertible preferred stock, \$50 par; and 131,202 shares of common stock, \$1 par.
Address—721 Fifth Avenue, New York City.
Business—Operation of specialty store in New York City.

BULLION, INC.
Bullion, Inc., registered 110,000 shares of \$1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par.
Address—1st Nat'l Bank Bldg., Deadwood, South Dakota.
Business—Gold mining.
Underwriter—None.
Offering—Preferred will be offered at \$1 per share, and common at 10 cents per share.
Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital.
Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

COLUMBIA GAS & ELECTRIC CORP.
Columbia Gas & Electric Corp. registered \$28,000,000 serial debentures, due 1942 to 1951, and \$92,000,000 sinking fund debentures due 1951.
Address—61 Broadway, N. Y. C.
Business—Public utility holding company.
Offering—Both issues will be publicly offered at prices to be filed by amendment.
Proceeds—To redeem \$50,000,000 Deb. 5s, 1952; \$4,750,700 Deb. 5s, due April 15, 1952; \$50,000,000 Deb. 5s, 1961; to purchase \$3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and \$3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a \$3,402,090 capital contribution to Cinn. Newport & Covington Ry Co. to enable that Company to redeem its outstanding \$3,303,000 1st & Ref. 6s, 1947.
Registration Statement No. 2-4736. Form A-2. (4-10-41)

KIRKLAND GOLD RAND, LTD.
Kirkland Gold Rand, Ltd., registered with SEC, under refining, 500,000 shares common stock \$1 par.
Address—360 St. James St., West, Montreal, Quebec, Canada.
Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage.
Underwriters—To be named by amendment.
Offering—Above shares to be offered to public at \$1.25 per share; underwriting commission is 4 3/4 cents per share.
Proceeds—For development, purchase of equipment and working capital.
Registration Statement No. 2-4697. Form A-1. (3-21-41)
Effective—4:45 P.M., E.S.T., April 9, 1941.

LA CROSSE TELEPHONE CORP.
La Crosse Telephone Corp. registered 32,080 shares of common stock, \$10 par.
Address—La Crosse, Wisconsin.
Business—Telephone service to La Crosse, Wis.
Underwriter—Alex. Brown & Sons.
Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.
Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock.
Registration Statement No. 2-4717. Form A-2. (3-29-41)

LUKENS STEEL CO.
Lukens Steel Co. registered with SEC 175,000 shares (estimated) common stock, \$10 par.
Address—First Ave., Coatesville, Pa.
Business—Company is a non-integrated steel producer, and its principal business is manufacture of carbon and alloy hot rolled steel plates.
Underwriters—Pistel, Wright & Co., Ltd., New York, named principal underwriter; others to be named by amendment.
Offering—The 175,000 shares are already issued and outstanding and are to be offered to public for account of certain stockholders.
Proceeds—Will accrue to the selling stockholders.
Registration Statement No. 2-4799. Form A-2. (7-25-41)

MOORE-McCORMACK LINES, INC.
Moore-McCormack Lines, Inc. registered 30,000 shares of \$5 cumulative convertible preferred stock, \$100 par, and 235,900 shares of common, \$1 par.
Address—5 Broadway, New York City.
Business—Operation of vessels in South American trade.

Business—Open-end investment trust, limited to investments in bonds.
Underwriting—Murphy, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8 1/2%.
Offering—To be offered to the public at the then prevailing market price.
Proceeds—Will be used for investment purposes.
Registration Statement No. 2-4825 Form A-1. (8-28-41)

WEDNESDAY, SEPT. 17

HOUSTON LIGHTING & POWER CO.
Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).
Address—900 Fannin St., Houston, Tex.
Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.
Underwriter—None.
Offering—No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the \$6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.
Registration Statement No. 2-4827 Form A-2. (8-29-41)

AMERICAN BAKERIES CO.
American Bakeries Co. registered 15,000 shares Class B no par common stock.
Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.
Business—Manufacturing and distributing bakery products in southern states.
Underwriter—None named.
Offering—Stock will be offered to public at price to be filed by amendment.
Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold.
Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC.
Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock, no par.
Address—1201 East Grand Street, Elizabeth, N. J.
Business—Development of automatic telephone dialing devices.
Underwriter—None. Stock will be sold through registered brokers and dealers.
Offering—Public offering price, \$3 per share, underwriting commission 75 cents per share.
Proceeds—For engineering and development expenses and working capital.
Registration Statement No. 2-4752. Form A-1. (5-5-41)
Effective, but apparently deficient 4:45 P.M., E.S.T., May 24, 1941.

BEACON ASSOCIATES, INC.
Beacon Associates, Inc. registered SEC \$500,000 6% Participating Sinking Fund Debentures, due July 1, 1971.
Beacon Associates, Inc. interest rate on \$500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6 1/2% per annum, according to amendment filed with SEC July 21, 1941.
Address—216 Turks Head Bldg., Providence, R. I.
Business—Engaged in the small loan business in Rhode Island and Massachusetts.
Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85.
Underwriter—F. L. Putnam & Co., Inc., Boston.
Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries.
Registration Statement No. 2-4790. Form A-2. (6-27-41)
Effective—3:00 P.M. E.S.T., August 22, as of July 17, 1941.

BEAR MINING AND MILLING COMPANY
Bear Mining and Milling Co. registered 153,145 shares of common stock, \$1 par.
Address—513 Majestic Bldg., Denver, Colo.
Business—Mining and milling.
Underwriter—None.
Offering—Stock will be offered publicly at \$1 per share, selling commission, 35%.
Proceeds—For development equipment and operation mining property near Breckenridge, Colo.
Registration Statement No. 2-4571. Form A-1. (11-12-40)

BONWIT TELLER, INC.
Bonwit Teller, Inc. registered 39,334 shares of 5 1/2% cumulative convertible preferred stock, \$50 par; and 131,202 shares of common stock, \$1 par.
Address—721 Fifth Avenue, New York City.
Business—Operation of specialty store in New York City.

BULLION, INC.
Bullion, Inc., registered 110,000 shares of \$1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par.
Address—1st Nat'l Bank Bldg., Deadwood, South Dakota.
Business—Gold mining.
Underwriter—None.
Offering—Preferred will be offered at \$1 per share, and common at 10 cents per share.
Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital.
Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

COLUMBIA GAS & ELECTRIC CORP.
Columbia Gas & Electric Corp. registered \$28,000,000 serial debentures, due 1942 to 1951, and \$92,000,000 sinking fund debentures due 1951.
Address—61 Broadway, N. Y. C.
Business—Public utility holding company.
Offering—Both issues will be publicly offered at prices to be filed by amendment.
Proceeds—To redeem \$50,000,000 Deb. 5s, 1952; \$4,750,700 Deb. 5s, due April 15, 1952; \$50,000,000 Deb. 5s, 1961; to purchase \$3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and \$3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a \$3,402,090 capital contribution to Cinn. Newport & Covington Ry Co. to enable that Company to redeem its outstanding \$3,303,000 1st & Ref. 6s, 1947.
Registration Statement No. 2-4736. Form A-2. (4-10-41)

KIRKLAND GOLD RAND, LTD.
Kirkland Gold Rand, Ltd., registered with SEC, under refining, 500,000 shares common stock \$1 par.
Address—360 St. James St., West, Montreal, Quebec, Canada.
Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage.
Underwriters—To be named by amendment.
Offering—Above shares to be offered to public at \$1.25 per share; underwriting commission is 4 3/4 cents per share.
Proceeds—For development, purchase of equipment and working capital.
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LA CROSSE TELEPHONE CORP.
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Address—La Crosse, Wisconsin.
Business—Telephone service to La Crosse, Wis.
Underwriter—Alex. Brown & Sons.
Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.
Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock.
Registration Statement No. 2-4717. Form A-2. (3-29-41)

LUKENS STEEL CO.
Lukens Steel Co. registered with SEC 175,000 shares (estimated) common stock, \$10 par.
Address—First Ave., Coatesville, Pa.
Business—Company is a non-integrated steel producer, and its principal business is manufacture of carbon and alloy hot rolled steel plates.
Underwriters—Pistel, Wright & Co., Ltd., New York, named principal underwriter; others to be named by amendment.
Offering—The 175,000 shares are already issued and outstanding and are to be offered to public for account of certain stockholders.
Proceeds—Will accrue to the selling stockholders.
Registration Statement No. 2-4799. Form A-2. (7-25-41)

MOORE-McCORMACK LINES, INC.
Moore-McCormack Lines, Inc. registered 30,000 shares of \$5 cumulative convertible preferred stock, \$100 par, and 235,900 shares of common, \$1 par.
Address—5 Broadway, New York City.
Business—Operation of vessels in South American trade.

MISSOURI UTILITIES CO.
Missouri Utilities Co. registered with SEC \$3,150,000 First Mortgage Series A 3 1/2% bonds, due June 1, 1971, 14,000 shares 5% cumulative preferred stock, \$100 par; and 125,000 shares common stock, \$1 par.
Address—Cape Girardeau, Mo.
Business—Engaged principally in generation, transmission, distribution and sale of electricity, in 56 communities in Missouri and two in Arkansas. Company is a subsidiary of Community Power & Light Co.
Underwriter—The bonds are not to be sold to public; they are to be sold by company to Dillon, Read & Co. for 104%, and in turn to be sold to Equitable Life Assurance Society of the U. S. for 104%. Names of underwriters of the 5% preferred stock and the common stock registered, will be supplied by amendment.
Offering—The 14,000 shares 5% preferred and 125,000 shares common stock are to be issued under a reclassification of outstanding capital stock of company. Of the 5% preferred stock registered, 11,912 shares will be offered to public for account of company and 2,088 shares will be offered to public for account of Community Power & Light Co. The 125,000 shares common stock will be sold to public for account of Community Power & Light Co.
Proceeds—To company from sale of the \$3,150,000 of bonds and 11,912 shares of 5% preferred stock, will be used as follows: \$2,811,200 to purchase for cancellation from Community Power & Light Co. that amount of company's outstanding Series A and D First Mortgage bonds; \$1,111,385 to pay or purchase indebtedness owing by company to its parent and an affiliate, on open account and promissory notes; \$420,000 to redeem company's outstanding 4,000 shares 7% preferred stock, \$100 par, at 105 Balance of proceeds will be set aside for expenditure by company for property additions and improvements.
Registration Statement No. 2-4826 Form A-2. (8-29-41)

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

AERONCA AIRCRAFT CORPORATION
Aeronca Aircraft Corp. registered SEC 30,000 shares of \$1 cumulative convertible preferred stock, \$15 par; 140,000 shares \$1 par common stock; and 65,000 Stock Purchase Warrants.
Address—Middletown Municipal Airport, Middletown, Ohio.
Business—Design, development, manufacture sale and servicing of particular type of light airplanes, known as "Aeronca" planes, designed for commercial use.
Underwriters—Bond & Goodwin, Inc., New York; Craigmyle, Rogers & Co., New York; and Whitney-Phoenix Co., Inc., New York, are underwriters for the preferred stock.
Offering—The 30,000 shares preferred stock will be offered to public at \$15 per share; underwriting commission is \$2.25 per share. Of the common stock registered, 75,000 shares are reserved for issuance upon conversion of the preferred stock, and 65,000 shares are reserved for issuance upon exercise of the Warrants. Of the Warrants registered, 45,000 are to be exchanged by company with holders of a like amount of presently outstanding warrants, and the remaining 20,000 Warrants will be sold by company to underwriters at price of 10 cents per Warrant. Such Warrants give holders right to purchase one share of common stock for each warrant, at prices ranging from \$7 per share to \$10 per share, with the warrants expiring Dec. 31, 1945.
Proceeds—Net proceeds will be used to pay off outstanding indebtedness, for working capital purchase of equipment and machinery plant expansion.
Registration Statement No. 2-4789. Form A-2. (6-27-41) Cleveland Ohio
Effective—11:30 A.M., E.S.T., August 15 as of 4:45 P.M., E.S.T., July 16, 1941.

AIRPLANE MANUFACTURING & SUPPLY CORP.
Airplane Manufacturing & Supply Corp., registered with SEC 69,000 shares common stock, \$1 par.
Address—Lockhead Air Terminal, Burbank, Cal.
Business—Purchase, service and sale of airplane equipment.
Underwriters—G. Brashears & Co., Los Angeles, Cal.
Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders, to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% or be less than 110% of the highest bid price during the day of sale. Underwriting commission on the 86,233 shares of 25 cents per share.
Proceeds will accrue to the selling stockholders.
Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

AMERICAN BAKERIES CO.
American Bakeries Co. registered 15,000 shares Class B no par common stock.
Address—No. 520 Ten Pryor St. Bldg., Atlanta, Ga.
Business—Manufacturing and distributing bakery products in southern states.
Underwriter—None named.
Offering—Stock will be offered to public at price to be filed by amendment.
Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold.
Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC.
Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock, no par.
Address—1201 East Grand Street, Elizabeth, N. J.
Business—Development of automatic telephone dialing devices.
Underwriter—None. Stock will be sold through registered brokers and dealers.
Offering—Public offering price, \$3 per share, underwriting commission 75 cents per share.
Proceeds—For engineering and development expenses and working capital.
Registration Statement No. 2-4752. Form A-1. (5-5-41)
Effective, but apparently deficient 4:45 P.M., E.S.T., May 24, 1941.

Calendar of New Security Flotations

Underwriters—E. H. Rollins & Sons Incorporated and Schroder Rockefeller & Co., Inc.

Offering—The preferred and 85,000 common shares will be offered publicly at prices to be filed by amendment. 150,000 common shares will be reserved for conversion of the preferred.

The proposed offering will represent about 17% of the outstanding common stock of Moore-McCormack Lines and approximately 55% of preferred stock. Albert V. Moore, president, and Emmet J. McCormack, vice president and treasurer—officers and directors associated with the company since its incorporation in 1927, retain together about 72% of the common stock, or 36% each. On Dec. 31, 1940, they sold to Kuhn, Loeb & Co., Beavan Corp. and Schroder Rockefeller & Co., Inc., 30,000 shares of \$5 no par preferred stock and 2,150 shares of no par common which have since been converted into 30,000 shares of \$100 par preferred and 107,500 shares of \$1 par common. It is understood that Kuhn, Loeb & Co. are retaining 22,500 of such common shares as an investment.

Proceeds—None of the proceeds will be received by the company.

Registration Statement No. 2-4715. Form A-2 (3-29-41)

NORTHERN NATURAL GAS CO.

Northern Natural Gas Co. registered 710,500 shares of common stock, \$20 par.

Address—Aquila Court Bldg., Omaha, Nebraska.

Business—Production and transmission of natural gas.

Underwriter—Blyth & Co., and others to be named by amendment.

Offering—Stock will be publicly offered at price to be filed by amendment.

Proceeds—All proceeds will be received by selling stockholders, United Light & Railways Co., and North American Light and Power Co.

Registration Statement No. 2-4741. Form A-2 (4-21-41)

Northern Natural Gas Co. filed an amendment to its registration statement with the SEC, disclosing that the number of shares of its \$20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co. The 355,250 additional shares originally registered with the SEC on April 21, 1941, for public offering, but now withdrawn from registration, constitute the shares outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

SENECA FALLS MACHINE CO.

Seneca Falls Machine Co. registered with SEC 225,000 shares common stock, \$1 par.

Address—314 Fall St., Seneca Falls, N. Y.

Business—Manufacture and sale of machine tools, principally automatic and semi-automatic lathes.

Underwriters—Brown, Schlessman, Owen & Co., Denver, Colo., has underwritten all of the 225,000 shares, at \$4 per share, and has advised company that it proposes to sell to Burr & Co., New York, a 50% participation in said 225,000 shares, at the underwriters' price of \$4 per share.

Offering—The 225,000 shares will be offered to the public at \$5 per share.

Proceeds—The entire net proceeds will accrue to certain selling stockholders, who are selling such shares, already issued and outstanding, to the underwriter.

Registration Statement No. 2-4806. Form A-2. Filed (7-31-41)

SHAWNEE CHILES SYNDICATE

Shawnee Chiles Syndicate registered 9,970 shares of common stock, \$10 par.

Address—320 Denham Bldg., Denver, Colo.

Business—Development of oil and gas properties.

Underwriter—None.

Offering—4,985 shares are to be presently offered at \$10 per share, and balance will be held reserved for options given to purchasers of the 4,985 shares, for purchase of additional shares at \$10 per share.

Proceeds—For drilling and development of oil and gas properties.

Registration Statement No. 2-4753. Form A-1. (5-5-41)

Effective—but apparently deficient 4:45 P.M., E.S.T., May 24, 1941.

SNAP-ON TOOL CORPORATION

Snap-On Tools Corp. registered with SEC 41,439 shares \$1 par common stock.

Address—8028 28th Ave., Kenosha, Wis.

Business—Manufacture, purchase and sale of mechanics' hand tools and associated equipment and equipment type tools designed for use for production, maintenance and repair of mechanical apparatus.

Underwriter—Paul H. Davis & Co., Chicago.

Offering—To be offered to public, at price to be supplied by amendment. Price to underwriter is \$11.50 per share, subject to adjustment under certain conditions.

Proceeds—\$112,000 of the proceeds to be used to redeem all the outstanding 7% preferred stock of company, at \$105 per share; balance for working capital.

Registration Statement No. 2-4796. Form A-2. (7-15-41)

SOUTHERN ACCEPTANCES, INC.

Southern Acceptances, Inc. registered 150 shares \$50 dividend preferred stock, no par; 20 shares Class A \$60 dividend common stock, no par; and 30 shares Class B common stock, no par.

Address—2 Wall St., Orlando, Fla.

Business—Discounting installment notes and making small loans.

Underwriter—Leedy, Wheeler & Co., Or-

lando, Fla.

Offering—Preferred and Class A will be publicly offered at \$1,000 per share; Class B common at \$1,100 per share; Underwriting commission \$50 on preferred and Class A, and \$55 on Class B.

Proceeds—To repay bank loans, and for working capital.

Registration Statement No. 2-4570. Form A-2. (11-12-40)

Effective—Dec. 4, 1940.

SPOUSE-REITZ COMPANY, INC.

Sprouse-Reitz Co., Inc. registered 500 shares of voting common stock, \$100 par, and 3,500 shares of non-voting common stock, \$100 par.

Address—1900 N. W. 22nd Ave., Portland, Ore.

Business—Operation of 161 general merchandise stores.

Underwriter—None.

Offering—Shares will be offered first to stockholders, then to public, at \$100 per share.

Proceeds—For additional working capital and to provide funds for opening new stores.

Registration Statement No. 2-4724. Form A-2 (3-31-41)

Effective—1:15 P.M., E.S.T., April 19, 1941.

TOMASINI BRIDGE REVENUE BONDS

T. A. Tomasini, an individual, registered with SEC \$20,000,000 of 3% Tomasini Bridge Revenue Bonds, due Aug. 1, 1970.

Address—25 California St., San Francisco, Cal.

Business—Holds a franchise to build, maintain and operate a tube and toll bridge across San Francisco Bay from Alameda County, near Point Fleming, to Marin County near Bluff Point, both in California. The Obligor—T. A. Tomasini—also has secured necessary approval of plans, permits and authority to construct the bridge from War Department of the United States, and proposes to proceed with construction of the project. Project expected to be completed by June 27, 1944.

Underwriting and Offering—The Obligor proposes to advertise for bids for all or part of the bonds by inserting a notice to that effect in one or more newspapers of general circulation in the city and county of San Francisco, and in New York City. There will be no underwriting.

Proceeds—Will be used to construct, operate and maintain the tube and toll bridge.

Registration Statement No. 2-4815. Form A-1. (8-15-41)

TRAILER COMPANY OF AMERICA

Trailer Co. of America registered with SEC 4,547 shares 7% cumulative preferred stock, \$100 par, and 81,995 shares common stock, no par.

Address—31st & Robertson Aves., Cincinnati, O.

Business—Manufacture, assembly, distribution and sale of commercial trailers and semi-trailers, trailer bodies, parts and equipment, truck bodies and cabs for tractors and trucks.

Underwriters—None.

Offering—The above shares to be offered by company to all its stockholders at price of \$100 per share of 7% preferred and \$8 per share for common, through rights, at rate of 2 1/2% shares of 7% preferred and 5 shares of common stock for each share of 7% preferred stock held, and at rate of one share of common stock for each share of common stock held. Subscription rights evidenced by Warrants will expire on the thirtieth day after date of issue. Un-subscribed portion of the shares will be offered for sale, at same prices, to all stockholders. Any unsold shares then may be sold at same prices to general public.

Proceeds—For plant extension, retirement certain bank loans, and for working capital.

Registration Statement No. 2-4803. Form A-2. (7-29-41) (Cleveland)

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares \$100 par common stock.

Address—4th & Main St., Cincinnati, Ohio.

Business—Operating electric utility company.

Underwriter—Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at \$5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at \$100.016 per share. Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and \$2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs.

Registration Statement No. 2-4379. Form A-2. (3-30-40)

VIRGINIA LAND CO.

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami.

Address—Theatre Building, Coral Gables, Dade County, Florida.

Underwriters—None.

Offering—Interests will be sold to the public at prices from \$20 per acre up to \$150 per acre.

Proceeds—For development of lands, purchase of equipment, and working capital.

Registration Statement No. 2-4767. Form S-10 (5-23-41)

WHITWORTH APARTMENT, INC.

Whitworth Apartment, Inc., registered with SEC 6,950 shares common stock, 25 cents par \$74.375 First Mortgage 5% bonds, due Sept. 1, 1951; and \$74.375 Second

Mortgage Income Bonds. 6% Non-Cumulative Interest, due Sept. 1, 1961.

Address—311 Securities Bldg., Seattle, Wash.

Business—Incorporated on July 3, 1941 to acquire title to Whitworth Apartment, Seattle, Wash., and to own and operate said apartment.

Underwriters—None.

Offering—All of the securities registered will be offered under a Plan of Reorganization, to holders of 148,750 undivided fractional shares, latter represented by Certificates of Interest. Latter may be surrendered under the plan through Seattle-First National Bank, Seattle, Wash. Owner of each 25/148,750 fractional share will receive: (a) \$12.50 par value of first mortgage bonds, \$12.50 par value of second mortgage income bonds, and one share of capital stock of the new company.

Registration Statement No. 2-4811. Form E-1. (8-5-41) (San Francisco, Cal.)

WILLIAMS HYDRAULICS, INC.

Williams Hydraulics, Inc. registered 1,000,000 shares \$5 par Class A common stock.

Address—Alameda, Cal.

Business—Deep-sea dredging and manufacture of equipment therefor.

Underwriters—Brown Hartwell Company.

Offering—Public offering price, \$5 per share, underwriting commission, \$1 per share.

Proceeds—Purchase of plant and equipment; purchase of seagoing vessel; equipment, and working capital.

Registration Statement No. 2-4133. Form A-1. (7-19-39)

Effective—May 29 as of April 18, 1940.

Our Report

(Continued from First Page)

be very much delayed. The Secretary may, of course, himself defer his operations pending some clarification of the credit and banking situation, but such deferment would without question be itself taken as cue of a sort.

There are a number of important new issues more or less in the offing, but when they will materialize is another question. For the most part the new offerings markets is still largely a refunding or funding affair, which always is in large degree based upon money market conditions. And it is precisely here that one of the major uncertainties of the day exists.

Plans for large offerings of refunding issues are likely to be held in abeyance until it is possible to determine with some degree of assurance just how large and important a following Mr. Eccles commands both among New Deal managers close to the President and in Congress. This, of course, is not the first time that the Chairman of Board of Governors of the Federal Reserve System has "stuck his neck out," as it were, concerning these very matters, and in the past he has by no means always been successful in having his way.

There can, plainly, be no question that the Administration, or to say the very least a substantial section of it, has become a victim of inflation fears in a degree probably not experienced since its first inauguration.

Such a state of mind in Washington gives Mr. Eccles a substantial strategic advantage, but it is to be recalled that on at least one other occasion—after the 1935-6 recovery that had been "planned that way" got into full swing—the Administration suffered chills on this same score. Mr. Eccles had his way then in considerable part, but it was not long before he was in the dog house, so to speak, with the real New Dealers. Whether he and his ideas have now emerged unscathed remains to be seen.

The fact is inescapable, in any event, that sooner or later the Treasury will be obliged to come into the market seeking perfectly huge amounts money. This will be true regardless of the success of baby bonds or savings bond campaigns and without reference to the yield of any tax laws now on the

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books or in prospect. These latter undertakings may in moderately substantial degree determine the volume of future treasury borrowing, but, after all, the difference between two infinitely large sums is not of first rate importance.

Various efforts of a school boy sort are under way to promote absorption of government obligations by the rank and file of investors, but it would certainly be surprising to many seasoned observers if sooner or later, probably sooner rather later, the Treasury is not obliged to appeal in one way or another to the banks. Indeed bank holdings of Government obligations have already during the past year greatly increased.

All this is doubtless known, certainly ought to be understood, in Washington, and so long as such circumstances remain, the Treasury can scarcely look without concern—regardless of current rumors to the contrary—upon any plan or scheme which would tend in a drastic way to tighten the money market with any degree of permanence. Hence considerable skepticism concerning major changes in reserve requirements at this time, but strange things happen along the Potomac these days, and the Street is inclined to wait developments in this instance, or at the very least to wait some fairly conclusive evidence of the trend of thought and intention in the national capital.

Still some important SEC filing are expected in the not too distant future. There are the announced plans of Westinghouse Electric, for one. Here, of course, is one of the relatively few situations which has developed of late where a very substantial amount of new money is to be sought. Said Chairman Robertson and President Bucher to stockholders on August 29:

"With the company facing the prospect of still further expansion, it is the judgment of the management that additional capital of approximately \$60,000,000 should be provided to enable the company to repay its existing bank loans, to provide for further plant construction and to supply its enlarged working capital requirements."

The plan is to raise a part of the needed new funds by sale of common which will first be offered existing stockholders and the remainder by medium term debentures. Immediate action can not, however, be expected since the plan as it is now being formulated must first be approved by the stockholders at a special meeting of whom has been called for October 29. Incidentally it was revealed at the same time that defense expansion planned will cost some \$75,000,000 in addition to \$52,000,000 worth of plants being constructed for and at the expense of the Government. More than 50 per cent of the orders

now on the books of the company are for equipment required in the national defense effort. Outstanding bank loans aggregate \$21,000,000.

The disclosure that American Telephone & Telegraph Company has severed its long-standing banker relationship with Morgan Stanley & Co., Inc., which has handled all public telephone financing since 1935, presaged keen competition in bidding for the forthcoming \$95,000,000,000 issue of A. T. & T. long-term debentures, with three major syndicates forming to participate in the first "open house" financing by the company in thirty-five years.

Morgan Stanley & Co. is forming a banking group of twenty-five members to bid on the proposed issue, and is intending to keep the number of syndicate members down, although past syndicates have run into large numbers; some of the houses already lined up in the Morgan Stanley syndicate are: Kuhn, Loeb & Co., Dillon, Read & Co., Blyth & Co., Inc., First Boston Corp., Harriman Ripley & Co., Inc., Kidder, Peabody & Co. and Smith, Barney & Co.

Considerable interest has been aroused by the fact that Halsey, Stuart & Co., Inc., which has always strongly favored competitive bidding, has organized a rival syndicate, particularly since in the past the firm has not evidenced a willingness to participate as underwriters in syndicates headed or managed by Morgan Stanley. Mellon Securities Corp. will join Halsey, Stuart & Co. in bidding on the new issue as a joint account.

A third syndicate is being formed by Saloman Brothers & Hutzler.

The new A. T. & T. debentures are being issued to refund an outstanding 5 1/2 percent issue of \$94,306,000 due on November 1, 1943, which will be redeemed on November 1st of this year.

Forming Central Sec. Co.

Robert H. Wynn is forming the Central Securities Co. which will shortly engage in a general securities business. At present the firm may be reached at 32 West 58th Street, New York City. Mr. Wynn was formerly with H. Hentz & Co., Jackson & Curtis, S. B. Chapin & Co. and Jno. F. Clark & Co.

Interesting For Retail

Cumulative and Participating Class A. common (voting) stock of Phillips Pump and Tank Co. offer an interesting situation for retail according to a circular just issued by M. F. Klein Co., 170 Broadway, New York City. Copies of the circular which should be of interest to dealers may be had upon request.

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Cumulative and Participating
Class A Common (voting)

Circular on request

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**Ad Session To Hear
Connely and Pierce**

Emmett F. Connely, president of the Investment Bankers Association, will address the opening session of the Financial Advertisers Association in Cleveland on Monday morning, September 8, at the Hotel Statler, according to an announcement today, by J. J. Harris, of Merrill Lynch, Pierce, Fenner & Beane, program chairman of the Investment Division. Mr. Connely will speak on "Public Relations of the Investment Bankers Association of America." Following the opening session, Mr. Connely will be a forum guest on Monday afternoon at which the subject of Security Salesmanship will be discussed.



E. F. Connely



Edward A. Pierce will be "The Financial Advertisers' Obligation and Opportunity." The discussion will take in problems in the listed securities field. On Thursday, September 11, an open forum will be held for the purpose of discussing "Defense Bonds and their relationship to the security business." It is anticipated that many investment dealers and brokers from the mid-west will attend the series of meetings to hear these financial headliners. Approximately forty delegates to the Convention from New York have already made reservations on the private cars which will leave Grand Central Station on Saturday night, September 6th.

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New Orleans Sends Greetings to Traders' Ladies Welcoming to Convention—"Vive la Difference"!

We greet you with the sweeping bow of a cavalier, its plumed clouds and sunlight waving a smile of animated appreciation. The flowers that bloom and the very atmosphere you breathe clothe you in regal splendor, for every lady in New Orleans is a queen.

You will look up at the wrought-iron balconies in the French Quarter, half expecting a *billet doux* to be dropped into your hands, remembering Cyrano and Ligniere. You will hear the clatter of horse's hoofs upon the cobble-stoned streets and you will smile softly to yourself, believing your very own gallant is dashing to the Duelling Oaks to wield his flashing blade for your capricious favor.

Your charm will compliment dining and you will be toasted in rare old wines, only to be whirled away, with disregard to time or place, to old courtyards and buildings where once on a time absinthe was dripped and sipped.

We await your visit with excited expectancy. You will be the lady in the enchanted tales, the inspiration and object of chivalry and adventure. But your cavalier will not be just one, but many, as our whole city welcomes you to its heart.

Lady fair, fail not our rendezvous! — *New Orleans Security Traders Association.*

Securities Commissioners Ass'n To Hold Convention Oct. 7-9; Invite Dealers

The Twenty-fourth Annual Convention of the National Association of Securities Commissioners will be held at the Hotel Buena Vista, Biloxi, Mississippi, on October 7-8-9. Included in the three day program are addresses by Edmond Burke, Jr., former Director of the Reorganization Division of the Securities and Exchange Commission, and now a member of the Commission; Honorable Thurman Arnold, Assistant Attorney General of the United States; George P. Rea, President New York Curb Exchange; A. G. Davis, Field Secretary Investment Bankers Association; Robert W. Baird, Chairman National Association of Securities Dealers; and Hon. John W. Bricker, Governor of Ohio. Scheduled also is an informal discussion of proposed amendments to the Securities Act of 1933 and the Securities and Exchange Act of 1934, as well as reports by committees of the Association with respect to uniform registration forms and matters of cooperation by state regulatory bodies with the Investment Bankers Association, National Association of Securities Dealers and the Securities and Exchange Commission. These discussions should be of particular interest to the members of the Security

CIO Walkout Closes Pressed Steel Plant

The Pressed Steel Car Co. plant at McKees Rocks, Pennsylvania, was closed by a strike on August 29. The strike was called by the Steel Workers Organizing Committee, affiliate of the Congress of Industrial Organizations. An unaffiliated union at the plant, the Independent Car & Foundry Workers' Union, which was granted recognition after winning a National Labor Relations Board election at the plant a year and a half ago, called upon its members to return to work Sept. 2 but the SWOC declared it would stand back of its striking members.

United Press advices from Pittsburgh Aug. 29 said concerning the strike: The walkout affects 2,500 men working on production of armor plate for the Navy, shell forgings for the Army, and railroad cars.

Abe Martin, SWOC sub-regional director, said that the strike was not called by the union but that the workers had "walked out themselves because they are fed up with the company's discrimination against them."

Production had been resumed at the plant only two weeks ago today following settlement of a walkout by the SWOC, which "adopted" a strike by the Independent Car and Foundry Workers' Union for higher wages. The Independent union members had walked out on Aug. 4.

The SWOC demanded collective bargaining rights, contending it represented a majority of the current payroll and that certification of the Independent union sixteen months

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FDR Urges More Lease-Lend Defense Funds

At his press conference on Sept. 2, President Roosevelt indicated that a request was likely to go to Congress shortly for additional funds for the lease-lend program and for domestic defense requirements. The lease-lend request which it is intimated may be submitted to Congress next week is expected to approximate \$5,000,000,000. With regard to the other request no estimate is available but, it is said, it will be a substantial sum. The President explained that most of the defense funds already appropriated have been allocated, although all have not actually been paid out.

Mr. Roosevelt also told his press conference on Sept. 2 that present plans for making the defense program more effective call for spending more money and turning out more products. He went on to say that small-existing factories would be utilized to a greater degree in the future and that additional work shifts would be introduced with a substantial increase of workers on second and third shifts.

Refunding Debentures

An offering of \$25,420,000 5% consolidated debentures of the Federal Intermediate Credit Banks was recently made by Charles R. Dunn, New York, fiscal agent for the banks, and an additional \$1,275,000 of the debentures were sold privately within the system. The total sale, therefore, aggregated \$26,695,000, including \$8,505,000 debentures maturing Mar. 2, 1942 and \$18,190,000, June 1, 1942. All were dated Sept. 2, 1941 and the offering price was slightly above par. Inasmuch as maturities on Sept. 2 amounted to \$28,350,000 all of the proceeds from the sale of the debentures plus \$1,655,000 cash went to pay off maturing issues. At the close of business Sept. 2, the Banks had a total of \$245,860,000 debentures outstanding.

ago by the National Labor Relations Board was made when the company was operating at half capacity and had most CIO men laid off.

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Traders Association, and the Association of Securities Commissioners is looking forward to entertaining many members of that Association at their convention. Included in the program will also be a number of social affairs and other activities which will be enjoyed by the securities dealers who attend.

On behalf of the Association Russell Maloney, Securities Commissioner of the State of Missouri, and President of the National Association of Securities Commissioners, extends a cordial invitation to all those attending the New Orleans Convention to also attend a part or all of the sessions of the Convention of the National Association of Securities Commissioners.

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