Final Edition

In 2 Sections—Section 1

The COMMERCIAL & FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Thursday WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER Thursday

Volume 154 Number 3988 New York N. Y. Thursday, October 2, 1941 Price 40 Cents a Copy

"JOTTINGS"

This is written from Washington—a carnival, a kaleidoscope, a metropolis, yet a small town full of gossip. Old-timers say the excitement and the pressure here during World War I was never like this. A population already of 1,500,000 including its sprawling suburbs in Maryland and Virginia, growing steadily denser in the center and spreading out to the periphery as Los Angeles was doing 20 years ago. Come down every six months and you will find everybody moved, new personalities on top of the political wheel, new buildings where there used to be grass—like the new "Henderson shanties" into which the OPA has made its latest and (it hopes) its final move, after having been moved from pillar to post, spreading through several apartment houses en route. People get 15 days notice to move out to let the government move in. Some even have had to move a second time. But the space isn't much good for offices at that, what with so many kitchens, bathrooms, corridor space, and lack of connection between former apartments. Plenty of money being made here and there on the expansion. Social Security went to Baltimore, by microfilming its files. But HOLC's move to New York may bring caution on further moves; it is said to have cost $250,000. Certainly the SEC won't move. In the original '34 bill there was a clause that it be set up "in Washington," but this was struck out to save wordage on the argument "where else could it be set up!" and Congressman would balk at its going to New York next door to the business it regulates, even if it wanted to.

Whereas Wall Street luncheon-talk is usually about prices or principles, here it is about personalities and politics. Much interest here now, for example, in the lucrative legal activities of Tommy the Cork. Hard up last year when the Hatch Act forced him out of the RFC, he is now on easy street, steering clients through the intricacies and idiosyncracies of government offices, until most any big deal that goes through sucessfully now is supposed to have had Corcoran pushing it from behind the scenes. Latest chapter in this story has

(Continued on page 394)

OUR REPORTER'S REPORT

Now the die is cast and the investment banking fraternity knows quite definitely where it stands in the matter of competitive bidding under the Securities and Exchange Commission's Rule U-50.

The bankers' erstwhile best customers now loom up as their strongest competitors when the security on the "auction block" is of the quality type which the major insurance companies find fit into their investment programs.

Monday's sale of American Telephone & Telegraph Company's $90,000,000 of thirty-five year 2¾ per cent debentures left little doubt on that score when three of the so-called "Big Five" life companies, acting as a unit, submitted the bid which sent the two huge banking syndicates that had entered the market home with their shopping baskets empty.

But it also posed a problem for the Securities Commission which, at the time it promulgated the ruling following protracted hearings, hoped that its operation would among other things promote broader diffusion of new securities throughout the country among banking institutions and investors.

As things shape up at present, however, it does not look as though the latter expectation is destined to work out when top-grade securities are involved. Of the three insurance companies which acquired the latest A. T. & T. issue, as near as could be learned only two held the 5½s which are to be retired and then in very meagre amounts.

Mutual Life's Position

Lewis W. Douglas, president of Mutual Life Insurance Company of New York which, with two

(Continued on page 394)

Editorial—

Loans By Jones

H. Jones, Federal Loan Administrator, and admittedly one of the most powerful members of the New Deal fraternity. Like Pooh-Bah in the operatta Mikado, Mr. Jones holds other posts, such as Secretary of Commerce, but his strength and chief reliance is in the ability to extend tremendous loans almost at will, and in all directions, under the vague statutes covering the Reconstruction Finance Corp. These loans deserve care and study, notwithstanding the even larger lavishness of lend-lease.

The Reconstruction Finance Corp. is not a New Deal notion, for the agency was organized early in the depression. It was operated reasonably during much of that sad period, but in recent years has assumed all sorts of new functions and has formed curious outgrowths in the guise of subsidiary corporations. Much of the work of such subsidiaries concerns defense. There is a vast field in which the RFC and its creatures operate which cannot be regarded as related to defense, and another in the shadowy middle ground which may or may not be so intended.

(Continued on page 399)

INDEX

New York Group of Investment Bankers Ass'n Elects L. M. Marks Chairman; Other Officers

Laurence M. Marks, of Laurence M. Marks & Co., was elected chairman of the New York Group of the Investment Bankers Association of America at its annual meeting held at the Bankers Club. He succeeds Frank E. Gernon, of Hayden, Stone & Co. Frank M. Stanton, of The First Boston Corporation, was elected vice-chairman, succeeding Mr. Marks in that post, and Hearn W. Streat was re-elected secretary-treasurer.

In addition to the new officers, the following were elected members of the Executive Committee: for three-year terms, A. Glen Acheson, as F. S. Moseley & Co., and Frank A. Willard, of Reynolds & Co.; for the two-year term, Henry Herrman, of Henry Herrman & Co. Mr. Gernon, as the retiring chairman of the group, will be an ex-officio member of the committee, as will Henry H. Egly, of Dillon, Read & Co., and John J. McKeon, of Chas. W. Scranton & Co., New Haven, Connecticut, Governors of the Investment Bankers Association.

Under Mr. Gernon's leadership, the New York group during the past year has conducted a public information campaign with representative speakers explaining the purposes and methods of investment banking to audiences in New York, New Jersey and Connecticut. Addresses have been made before 33 organizations including the Chamber of Commerce of the State of New York, the Manufacturers Association of Syracuse, the New York Chapter, American Institute of Chemical Engineers, and the Connecticut Association of Credit Men. Representatives of the New York group are scheduled to address eleven more such audiences before the end of the year. The program of explaining the functions of investment banking will be continued under the direction of the newly elected chairman, who takes office at the close of the Investment Bankers Association convention in December.


Laurence M. Marks


Hearn W. Streat


Frank M. Stanton

Mo. Utility Securities Stocks Is Offered

Public offering of 14,000 shares of preferred stock (par $100) 5% Series, and 125,000 shares of common stock (par $1) was made Sept. 29 by Dillon, Read & Co. and associates. The preferred stock was priced at $99 plus accrued dividends and the common stock at $13.50 per share. The sale of these issues, together with the sale of a new issue of $3,150,000 of first mortgage bonds Series A, 3½%, due June 1, 1971, purchased by Dillon, Read & Co., and resold to the Equitable Life Assurance Society of the United States at a price of 104¾ plus accrued interest, represents completion of one of the steps in the integration of Community Power & Light Co. under the Public Utility Act of 1935. The sale of the three classes of securities will complete divestment of control of the company by Community Power & Light Co. It is expected that the sale of bonds, preferred and common stock of Black Hills Power & Light Co., which represents the second step in Community's integration program, will follow soon.

Associated with Dillon, Read & Co. in the underwriting of the preferred and common shares are: A. C. Allyn & Co., Inc.; Francis, Bro. & Co.; Glenny, Roth & Doolittle; Graham, Parsons & Co.; Johnston, Lemon & Co.; Edward D. Jones & Co.; Kidder, Peabody & Co.; Laurence M. Marks & Co.; Metropolitan St. Louis Co.; Newhard, Cook & Co.; Newton, Abbe & Co.; Paine, Webber & Co.; Rauscher, Pierce & Co., Inc.; Reinholdt & Gardner; Riter & Co.; Robinson, Rohrbaugh & Lukens; E. H. Rollins & Sons, Inc.; L. F. Rothschild & Co.; I. M. Simon & Co.; Stern Brothers & Co.; Stifel, Nicolaus & Co., Inc.; Stix & Co., and Whitaker & Co.

First Boston Corp. Wins Hayden Tourney

A golf team representing The First Boston Corporation won the nineteenth annual Charles Hayden Memorial Trophy Tournament. The team's victory, with a score of 322 gives the firm possession for one year of the trophy donated by the partners of Hayden, Stone & Co. as a memorial to the late Mr. Hayden. The tournament was played over the course of the Oakland Golf Club, Bayside, L. I., and brought together more than 170 golfers representing 41 Wall Street investment houses.

For second place, Hemphill, Noyes & Co. and Reynolds & Co. tied with a score of 327, and third place went to Estabrook & Co. with a score of 333.

Members of the winning team were: Phillips Barbour, captain; Nevil Ford, Charles Glavin and Thomas Walsh.

With a low gross of 71, Thomas Walsh of The First Boston Corporation took individual honors. In runner-up position was J. J. Dreyfus of Merrill Lynch, Pierce, Fenner & Beane with a score of 74.

After the tournament the bankers attended a dinner at the club at which the team and individual trophies were awarded. W. Halsted Taft, of Hemphill, Noyes & Co., was chairman of the tournament committee and Frank Gernon of Hayden, Stone & Co. was toastmaster at the dinner.

C. F. Hazelwood Now E. H. Rollins V.-Pres.

E. H. Rollins & Sons Incorporated, 44 Wall Street, New York City, announced the election of Charles F. Hazelwood as Executive Vice-President and a Director, effective October 1st.

For the past twenty years Mr. Hazelwood has been associated with the New York office of Estabrook & Co., members of the New York and Boston Stock Exchanges. For the last twelve years he has been a partner of that firm.

Merrill Lynch Absorbs Dobbs, Crowe in L. A.

LOS ANGELES, CALIF.—Merrill Lynch, Pierce, Fenner & Beane announce that the stock brokerage business heretofore conducted by Dobbs, Crowe & Co. of Los Angeles, Calif., has been consolidated with their business as of Oct. 1, 1941. Walter V. Dobbs, Earle E. Crowe and Gerald G. Stewart have become associated with Merrill Lynch, Pierce, Fenner & Beane as of the same date.

Nelson Opens New Dept At Strauss, Phillips

Strauss, Phillips & Co., 120 Broadway, New York City, Members New York Stock Exchange, announce the opening of an Unlisted Security Department under the management of George Nelson, formerly of George Nelson & Co.

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
William D. Riggs, Business Manager
Thursday, October 2, 1941
Published three times a week [every Thursday (general news and advertising issue) with statistical issues on Tuesday and Saturday]
Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter September 12 1941, at the post office at New York, N. Y., under the Act of March 3, 1879.
Subscriptions in United States and Possessions, $18.00 per year, $10.00 for 6 months; in Dominion of Canada, $19.50 per year, $10.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $21.50 per year, $11.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $23.00 per year, $12.50 for 6 months. NOTE: On account of the fluctuations in the rates of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Springfield Branch For Barrett Herrick

SPRINGFIELD, MASS.—Barrett Herrick & Co., New York underwriting house, has opened an office here in the Third National Bank Building under the management of George M. Jasper. Associated with Mr. Jasper is John F. McGowan. Both were formerly connected with Seybolt & Seybolt, Inc.

Townsend, Graff Adds H. Smith & T. Crowley

Townsend, Graff & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that Herbert D. Smith and Thomas J. Crowley have become associated with them. Mr. Crowley in the past was a partner in Atterbury & Crowley.

Of Interest to Dealers

Easily comparable earnings figures for most major railroad systems for August and the first eight months of 1941—together with some interesting suggestions—are contained in the October 4th Railroad Bond Letter issued by Leroy A. Strasburger & Co., 1 Wall Street, New York City. Copies are available to dealers on request.

Am. Cyanamid Interesting

The current situation in 5% Cumulative Preference Stock of the American Cyanamid Company offers interesting possibilities according to a circular prepared by Bristol & Willett, 115 Broadway, New York City, from whom copies of the analysis may be had upon request together with the October issue of their Over-the-Counter Review.

Huff Visiting New York

John C. Huff, president of Butler-Huff & Co. of California, is visiting in New York City for a few days making his headquarters at Huff, Geyer & Hecht, Inc., 67 Wall Street. He plans to stop off at several cities en route to the Coast.

Tomorrow's Markets Walter Whyte Says—

On technical indications only the market looks as low as it should be, but if the public is in earnest about selling it may be another story; anyhow reaction has taken a great deal out of the market, and now it must undergo another building up process; for details see below

By WALTER WHYTE

The ink was hardly dry on last week's column when the market reared up and shoved my optimistic words right down my throat. Serves me right too. I shouldn't have pulled that old chestnut "do-you-think-it'll-stop-raining-it-always-has" stuff to carry a point.

That's the market for you. I say nice things about it and it pins my ears back. I'm afraid to think what would happen if I said un-nice things.

Some people claim that it's the war in the east that's to blame. Maybe it is. All I know is that the market can't go up when the Reds are licking the be-jabbers out of the Nazis but runs like a scared rabbit when it's the other way round. Yet who am I to argue about reasons? If it's reasons you want here is still another to pin the reaction on the Morgenthau 6% tax statement.

When that came over the wires it had everybody running around in circles. Everybody began asking, "what'll happen to Steel? or Telephone? or General Motors?" Obviously these were rhetorical questions, for "everybody" knew the answers; they were going down. Anybody could tell you that and did, at the drop of a hat. Any other answer was, to hear them tell it, out of the question.

What people—at least those who sit in board rooms—wanted was a gentle shove in

(Continued on page 396)

H. Blizzard Elected President of NSTA; Other Officers; It is Cleveland for 1942

Herbert H. Blizzard of Philadelphia, head of the firm of Herbert H. Blizzard & Co, was elected president of the National Security Traders Association at the final business session of the organization's eighth annual convention in New Orleans. He succeeds Thomas A. Akin of Akin-Lambert Co., Los Angeles.

Joseph W. Sener, of Mackubin, Legg & Company, Baltimore, was elected first vice-president, and William Perry Brown, of Newman, Brown & Co., Inc., New Orleans was chosen second vice-president of the Association. Other officers elected today were Bert F. Ludington, of Watling, Lerchen & Co., Detroit, secretary, and Chester M. Glass, Jr., Bankamerica Company, San Francisco, treasurer.

The convention committee selected Cleveland, Ohio, as the city where the Traders' annual gathering will be held in 1942.


Herbert H. Blizzard


Joseph W. Sener


Wm. Perry Brown


B. F. Ludington


Chester M. Glass, Jr.

DIVIDEND NOTICES

AMERICAN CAN COMPANY
COMMON STOCK
On September 30th, 1941 a quarterly dividend of one dollar per share was declared on the Common Stock of this Company, payable November 15th, 1941, to Stockholders of record at the close of business October 24th, 1941. Transfer Books will remain open. Checks will be mailed.
R. A. BURGER, *Secretary.*

Electric Bond and Share Company
$6 and $5 Preferred Stock Dividends
The regular quarterly dividends of $1.50 per share on the $6 Preferred Stock and $1.25 per share on the $5 Preferred Stock of the Company have been declared for payment November 1, 1941, to the stockholders of record at the close of business October 6, 1941.
L. B. WIEGERS, Treasurer.

NATIONAL DISTILLERS PRODUCTS CORPORATION
The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on November 1, 1941, to stockholders of record on October 15, 1941. The transfer books will not close.
THOS. A. CLARK
September 25, 1941 TREASURER

Wall St. Riding Club Elects New Officers

Burton Wander, of J. S. Bache & Co., was elected president of the Wall Street Riding Club at the annual election held at the Club's ride headquarters, Aylward's Academy, 7 West 66th Street, New York City. Mr. Wander becomes the third to head the Club, as the first president, Jesse Gordon, of Kuhn, Loeb & Co., served four terms, and Gerhard Struckmann, of the Bank of Manhattan, served two. Mr. Wander, while holding the office of vice president and director, also served as chairman of the membership and publicity committees. Other officers chosen at the election were Joseph Landsberg, of Brickman, Landsberg & Co., as vice president and treasurer, and Miss Frances Weller, of Harry Downs & Co., as secretary. Miss Marie Cambridge, of Marsh & McLennan, Inc., and Jesse Gordon, of Kuhn, Loeb & Co., were reelected directors to serve two years.

The Club will inaugurate its seventh season on October 3 with a reunion party at its ride headquarters. Moving pictures taken during the Club's summer season will be shown. During its existence, these equestrians from the financial community have held annual benefit horse shows for the Tribune Fresh Air Fund and the Police Memorial Fund.

Ellis Harris Now With Stephenson Leydecker

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—Ellis M. Harris has become associated with Stephenson, Leydecker & Co., 1404 Franklin Street, Oakland, Calif. Mr. Harris was formerly manager of the Commodity Department of Walston & Co. and prior thereto was with Dean Witter & Co. and Slaughter & Russell in Oakland.

Sees Utility Program Increasing Trading

There will be opportunities for increased trading in public utility securities during the next few months as a result of the utility integration program, William H. Duff, specialist in the analysis of public utility securities and senior partner of Duff and Phelps, Chicago, told the members of the National Security Traders Association at their convention in New Orleans. Mr. Duff led the discussion at the convention's corporate forum with a talk on "Evaluation of Preferred Stocks."

The trading opportunities will arise from the exchange or conversion of public utility holding company stocks and bonds into securities of public utility operating companies under the so-called death sentence provisions of the Public Utility Act of 1935, according to Mr. Duff

Mr. Duff also told the traders that it was necessary for them to understand the philosophy of the government bureaus which control security trading in order to judge the market value of securities properly at the present time.

"Quite frequently the market will be bearish immediately upon the announcement of a (governmental agency) decision when, in fact, the policy announced will be very constructive for the long pull," Mr. Duff said. "Most of you traders are nervous, highly-excitable, quick-acting chaps and I wonder sometimes if your dislike of the things that have been done by the New Deal in Washington has not prejudiced you to some of the things that are done which are constructive from the standpoint of investors."

McCullough Wins NJ Club Banner Prize

One hundred and fifty members attended the annual Fall Field Day of The Bond Club of New Jersey, at the Essex County Country Club, West Orange, N. J. The banner prize, a 1942 Plymouth special deluxe sedan, was won by Stanley McCullough of Stanley McCullough & Co., Newark. First honors in the golf tournament were won by Martin Issler of East Orange with a low gross of 75.

The Fall Field Day was conducted by a committee headed by Courtlandt B. Parker, of R. W. Pressprich & Co.

Kuechle, Redfield Now With Sills, Troxell

(Special to The Financial Chronicle)
CHICAGO, ILL.—Manuel G. H. Kuechle has become connected with Sills, Troxel & Minton, Inc., of 209 South La Salle Street. Mr. Kuechle was formerly an officer of Distributors Group, Inc., New York, in charge of the Chicago office and was president of the local corporation, Distributors Group, Inc., of Illinois.

Clayton Hamill Redfield has also become associated with Sills, Troxell & Minton. He was previously with Webber, Darch & Co. and in the past was an individual dealer in Chicago.

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.—**Francis J. Poirier** has been added to the staff of **Trust Funds, Inc.,** 89 Broad Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Harold Long,** formerly with Royal Securities Corp., Ltd. of Montreal, is now connected with **McMaster Hutchinson & Company,** 105 South La Salle Street.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Corbin F. Ellis** is now connected with **C. G. McDonald & Co.,** Buhl Building. In the past he was with Continental Fund, Diversified Fund, Inc., and D. L. Pardee & Co.

(Special to The Financial Chronicle)
Fresno, Calif.—**Edward Mittelman** has become associated with **Davis, Skaggs & Co.,** whose main office is located at 211 Montgomery Street, San Francisco. Mr. Mittelman was formerly local manager for Edgerton, Bourne & Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**William H. Bluhm,** formerly with Searl-Merrick Co., has joined the staff of **Bankamerica Company,** 650 South Spring Street.

(Special to The Financial Chronicle)
LOS ANGELES, CAL.—**Frank Preston** has been added to the staff of **G. Brashears & Co.,** 510 South Spring Street.

(Special to The Financial Chronicle)
LOUISVILLE, KY. — **Garrett Fisher Hampton** has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** Heyburn Arcade Building. He was previously with W. L. Lyons & Co. and Henning Chambers & Co.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN. — **Armond E. Laird** has become affiliated with **C. D. Mahoney & Co.,** Roanoke Building. In the past he was with Paul Brown Co., Associated Distributors and Charles A. Fuller Co.

(Special to The Financial Chronicle)
MINNEAPOLIS, MINN.—**Ralph W. Lambert, James M. Wallace, Jr.,** and **William B. Webster** have become associated with **Merrill Lynch, Pierce, Fenner & Beane,** 704 Marquette Ave. All were formerly with Paine, Webber & Co.; Mr. Lambert was in charge of municipals in the Paine, Webber St. Paul office.

(Special to The Financial Chronicle)
SAN DIEGO, CALIF.—**Marjorie M. Miller** has been added to the staff of **Bankamerica Company,** 625 Broadway.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Evan George** has become associated with **Davis, Skaggs & Co.,** 211 Montgomery Street. Mr. George was previously with Stewart, Rice & Ducato and its predecessor, Dickey & Co. In the past he was an officer of W. H. Taylor & Co., Ltd .

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF.—**Frank Langstroth** has joined the staff of **Protected Investors of America,** Russ Building. He was previously with Wilson, Johnson & Higgins and prior thereto with Norman B. Courteney & Co.

(Special to The Financial Chronicle)
SEATTLE, WASH. — **Terrance Thompson,** for the past twelve years with Conrad, Bruce & Co., has become associated with **Harris, Lamoreux & Norris, Inc.,** Hoge Building.

(Special to The Financial Chronicle)
WICHITA, KANS.—**Severin E. Schmidt** has been added to the staff of **Brooks-Milburn, Inc.,** 305 East William Street.

Lose Your Camera?

At the National Security Traders Association Convention in New Orleans our representative found a camera which one of the celebrants had forgotten. If the loser will forward a description of his camera, The Commercial & Financial Chroncile will be glad to return it to him.

C. W. Schlieckert Is With Bond & Goodwin

(Special to The Financial Chronicle)
CHICAGO, ILL.—Charles Walter Schlieckert has become associated with Bond & Goodwin Incorporated of Illinois, 209 South La Salle Street. Mr. Schlieckert for many years was vice-president of A. O. Figge & Co.

SEC Dealer-Broker Registrations

The following applications for registration as brokers and dealers have been filed with the Securities and Exchange Commission on the days indicated:

September 8, 1941—Geo. Austin, S. 106 Madison Street, Spokane, Wash., George Austin, proprietor.

September 9, 1941—Raymond Louis McGuinness, 40 Main Street, Oneonta, N. Y., a sole proprietorship.

September 12, 1941—Joseph Fischer, 112 West 38th Street, New York, a sole proprietorship.

September 13, 1941—W. A. Hennessy & Co., 24 Federal Street, Boston, Mass., William A. Hennessy, sole proprietor.

September 15, 1941—P. Z. Kohler Co., 840 Montgomery Street, Brooklyn, N. Y., Philip Zena Kohler, sole proprietor; Homer Tate, oil royalty dealer, Room 13, Miller Building, Lake Charles, La., a sole proprietorship; R. H. Tate, an oil royalty dealer, Room 16, Arcade Building, Lake Charles, La., Richard Homer Tate, sole proprietor.

Baxter at Shillinglaw Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—John Baxter has become affiliated with Shillinglaw, Crowder & Co., Inc., 120 South La Salle Street. Mr. Baxter was formerly with Shields & Co. and Hammons & Co. In the past he was a principal of Bartlett-Baxter & Co.

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 —34⅝, low—14¾, last 32⅝.

Credit Banks Offer 5/8% Debenture Issue

The Federal Intermediate Credit Banks recently sold, through a public offering, $26,955,000 ⅝% consolidated debentures dated Oct. 1 and due July 1, 1942. The offering was made at a slight premium, through Charles R. Dunn, New York, fiscal agent for the banks. It is said that the sale met with the usual good demand, particularly from the west and middle-west.

In addition to the public sale, $1,500,000 of the same issue was sold privately within the Farm Credit Administration system which also purchased a $500,000 issue of debentures dated Oct. 1 and due Dec. 1, 1941, and a $2,500,000 issue dated Oct. 1 and due Jan. 2, 1942.

The Banks sold, therefore, an aggregate of $31,455,000 debentures and since $36,200,000 mature Oct. 1, the outsanding will be reduced on that date by $4,745,000. An additional $500,000 debentures were recently paid off prior to maturity out of funds on hand, and so the amount remaining outstanding Oct. 1 will aggregate $240,615,000 or $5,245,000 less than a month earlier.

Polk-Peterson Accused

The Securities and Exchange Commission has instituted proceedings against Polk-Peterson Corporation, Des Moines, Iowa, investment dealers, for revocation or suspension of its registration as a broker-dealer. A hearing has been set for October 20th at the Commission's regional office in Chicago to determine the validity of charges that the firm had hypothecated securities carried for the account of customers, following disclosures in Washington hearings that the firm was insolvent earlier this summer when it arranged for the purchase of gas companies at Independence, Iowa, and Le Mars, Iowa.

The Commission charged that information placed before it tended to show that "the registrant in the sale of securities by the use of means and instruments of transportation and communication in interstate commerce and by the use of the mails employs devices, schemes and artifices to defraud and engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers in willful violation of Section 17 (A) of the securities act of 1933."

RAILROAD SECURITIES

One of the features of the railroad stock market in recent weeks has been the particular weakness of investment and semi-investment issues during the period when speculation over the possible wage increase has been the dominant market factor. There has been periodic nervousness in the speculative groups in sympathy with external developments that have upset the entire stock market, but nothing like the consistent pressure that has been exerted on such stocks as Chesapeake & Ohio, Great Northern, Union Pacific, Pennsylvania and Virginian these shares, all of which are dividend payers, are selling only fractions to a maximum of two points above 1941 lows. In contrast, such stocks as Southern, Southern Pacific, "Coast Line," Illinois Central, etc., are selling from about 50% to almost 100% above the year's poorest levels.

The disappointing action of the income producing equities may be traced directly to the wage controversy. The normal demand for such issues comes from investors with whom income is a primary consideration and the possibility of price enhancement is secondary. These buyers are not interested in making new commitments when there is a possibility that impending wage increases may jeopardize future dividend payments. It is not sufficient that present business and traffic levels are high enough to absorb the wage increase without endangering current dividends. They take the long view, and want more assurance that traffic declines from recent extraordinary leevels will not bring immediate cessation of dividends. There is, therefore, no support for the modest liquidation during this period of negotiation.

The investment philosophy behind the buying of Southern Pacific, Atlantic Coast Line and others of the same class is entirely different. By far the greatest interest in these stocks is from traders for short or intermediate term speculation. Their primary aim is price enhancement with little thought to dividend payments, and certainly no illusions as to permanency of income even if some irregular disbursement is made in individual cases.

To this section of the buying public the wage question does not loom as serious a threat. Traffic and earnings are on a high base and are expected to continue so for an indefinite time to come. Any wage increase will naturally cut into prospective profits but will have little influence on 1941 results. Also, even allowing for wage increases of reasonable proportions (even as much as 15%) most of the stocks in the speculative group are still selling on a high price-earnings ratio.

There is a conviction that the most pessimistic wage possibilities are discounted in present prices and that resolving of the uncertainties should bring a sharp rally. Interesting price possibilities with a minimum of risk bring considerable consistent support into this section of the list that is absent in the investment section.

When the wage question is settled, and regardless of how it is settled, it seems logical to look for a quickening of interest in the investment issues. It will then be possible to evaluate the potential longer term effect on basic earning power, of the higher pay rolls, and arrive at a more reasonable estimate of the probable influence on long term dividend policies prices will then adjust themselves to a level considered as affording an adequate longer term income return. Naturally, this group would benefit the most, at least psychologically, from any wage compromise gearing the increases to the level of earnings.

Union Pacific is the only road in the group whose recent dividend rate might theoretically be questioned at current business levels even if the wage increase should amount to as much as 15%. Estimating 1941 earnings and then deducting 15% of total 1940 payrolls, Standard & Poors finds that Chesapeake & Ohio could still earn $3.70 a share, Great Northern $5.75 a share, Pennsylvania $2.45 a share, Union Pacific $3.95 a share and Virginian $3.50 a share. Results of Union Pacific, however, would not be expected to decline to such a low level as the maintenance rate has always been unusually high and the company could also readily take in larger earnings from its oil properties.

Bank and Insurance Stocks

This Week — Insurance Stocks

The third quarter of the year is ending on an optimistic note in the William Street community. Premiums continue to flow into the companies at a good rate of gain over 1940 and, with the season of their heaviest loss and expense outgo behind them, the companies are experiencing steady growth in their cash accounts. Most offices are running cash balances equal to or exceeding those of the year-end.

Experienced observers of market action in the insurance list regard the ending of the third quarter as of outstanding importance. Normally they expect three major markets each year. The first and largest market runs pretty well through the first quarter of the year and of course is based on the publication of annual statements. It is the time of the year when the public can ascertain fully and in detail the result of the previous year's work and revise its appraisal of relative share values.

About June 20 when semi-annual results can be accurately estimated by company officials, a new burst of activity occurs with price changes being based on good or bad results for the first half of the year as revealed by those in possession of information regarding them. This market usually continues until about the first of August when the vacation season puts an end to committee meetings and other discussions of investment activity.

Third quarter results reach the front office about the 25th of October and it is then that insiders are in position to estimate the market effect of the impending release of annual statements. The market that develops along toward the 15th of November is therefore a fairly dependable indication of price trends to be expected with the completion of annual reports.

For the past five years international affairs have become so important in their market influence that they are not to be disregarded when considering the market action of insurance stocks. Such influences are distinct from intrinsic values, earnings and the performance of company management generally.

Recently a new market influence has developed out of the growing public discussion of inflation and its many sided possibilities. Since all authorities seem to agree that, in the event of a sharp loss of purchasing power by the dollar all invested capital suffers but that—on the record—capital invested in fire insurance stocks suffers least, it is natural that shares of the best grade insurance companies are attracting the attention of investors who have heretofore not been familiar with their characteristics.

Whether this new type of buying represents a flight of capital toward securities offering the best protection against the ravages of inflation or whether it represents simply a growing recognition of the value to the investor of a business which has always operated as a system of slow and tedious accumulation combined with cautious and painstaking compounding of savings, the great likelihood is that uninitiated investors will tend to over-complicate insurance company figures in their search for the true meaning of company statements.

The fact is that there is no business whose reports are so complete. In examining a company's results, no application of higher mathematics is necessary nor anything beyond an ability to understand the fundamental nature of the business, namely, that insurance companies operate in a fiduciary capacity. The funds they accept from the public in the form of premiums must be held in reserve until earned without deduction of acquisition cost or any other expense and they are earned only when the policy for which the premium was charged has expired.

No other industry of equal size has ever followed accounting practices of corresponding severity and it is probably this fact that tends to confuse new students of insurance company practice. The need of the companies to grow with the country and the determination of quality management to defend loss paying ability at all costs were responsible for the adoption of accounting methods which, while primarily operating in the interest of policyholders, are equally of benefit to stockholders.

Fortunately the present situation finds the industry in no need of fresh capital so that there is little likelihood of a recurrence of the wave of promotion of new companies brought on by the 1926-29 period of prosperity. There is, however, a disposition to consider only the shares of companies most conspicuous in the market and to overlook issues of equal soundness and profit-making ability which are less well advertised.

Because the business of insurance companies in this country is produced through a system of agency representation, individual companies have very little latitude in developing new and revolutionary methods. Both in the production of business and settlement of losses they are forced into cooperative action. Management character varies in many ways but in its essentials differs only slightly. New investors in insurance shares, by distributing their investment over a number of issues, accomplish a diversification not only of securities held in portfolio but also of business in force. A diversification in one is as important as in the other.

The Securities Salesman's Corner

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.

Using a "Special Situation" to Open New Accounts

Selling anything costs money and securities have to be sold just the same as most other commodities. The more efficient the sales effort expended, however, the better off are all concerned. The investor benefits through doing business with a securities dealer whose organization is functioning properly, and therefore should be the recipient of better advice and service. The salesman and the dealer, likewise, are the beneficiaries of more income and they also enjoy the intangible satisfaction which goes hand in hand with "doing a job well."

There are, of course, many individual investors who use their broker or dealer strictly for the purpose of supplying statistical information and the mechanical services of buying or selling securities of their own selection. This group, nevertheless, comprises a small minority of the millions of American citizens who own securities. Institutions, by and large, are also in the class of securities buyers, who primarily use their own ideas and judgment in the supervision of their investments.

Among the salesmen and the dealers who are primarily interested in contacting individual investors, however, we believe that there would be general agreement that, too often, many months of patient effort have been expended on a list of prospects, where the final result has only ended in too large a proportion of the names being discarded without the successful consummation of any orders.

After all, what good does it do the investor, the salesman, or the dealer, if the salesman presents an undervalued and attractive security; and the prospect fails to buy it, although some months later, the same security increases materially in market value. In this case, everyone loses. On the other hand, if the salesman had been able to convince his prospective client that he should have bought the security in question, everyone would have benefited.

So, why not capitalize upon this very inertia in order to produce "action?" The first step is to select those prospects who are profit-minded (and the majority of individual securities buyers are profit-minded, whether they will admit it or not). Next, lay a foundation in prior calls, based upon discussion of the firm's abilities in selecting special situations. This must done in a convincing manner, and of course, should be backed up by past performance records that speak for themselves. The closing of a sale is the next logical step. Given a situation that has real promise, where the salesman himself is thoroughly sold on the possibilities, he again calls upon the prospect WITH THE SPECIFIC PURPOSE of presenting an OPPORTUNITY.

If a list of prospects is cultivated in this manner, WHERE A GOAL HAS BEEN ESTABLISHED AND A DEFINITE IDEA HAS BEEN PLACED IN THE PROSPECT'S MIND THAT SOME DAY, HE TOO, MIGHT BE ABLE TO PICK UP A SLEEPER, MAKE SOME MONEY, OR HAVE A CONNECTION WITH A SECURITIES FIRM AND A SALESMAN WHO BY THEIR ALERTNESS, INTELLIGENCE, AND KNOWLEDGE OF SECURITIES CAN HELP HIM, THEN MORE NEW ACCOUNTS WILL BE THE LOGICAL RESULT.

Attractive Utility

The current situation in Consolidated Electric & Gas Co. Collateral Trust 6s (due August 1, 1962) is particularly interesting, according to a memorandum issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City, since this holding company has no possibility of being "integrated" under the Public Utility Holding Company Act. Although the Company is a first degree holding company, the memorandum states, it has a very complex financial structure which needs to be simplified and no single integrated system of sufficient size to support a consolidated funded debt could be built around any unit in the system as now constituted, so that liquidation is the only course that can be taken under the Holding Company Act. The corporate structure is being simplified through the sale of properties, the memo continues, facilitating a larger flow of earnings from the subsidiaries to the parent company—investment return from the bonds at present prices should be about 8.50% on a "current yield" basis.

Copies of the memorandum and further information may be obtained upon request from the statistical department of G. A. Saxton & Co., Inc.

"Petroleum on Parade"

A very attractive booklet entitled "Petroleum on Parade—The March of Civilization" has been compiled by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. The booklet, attractively illustrated, discusses the place of oil in the world of today, shows interesting diagrams of oil wells, gives tables of crude oil production, and describes what oil royalties are.

Copies may be obtained from Tellier & Company on request.

Lease-Lend Aid to Haiti

An agreement providing for lease-lend aid to Haiti was signed in Washington on Sept. 16 by Secretary of State Cordell Hull and the Haitian Minister, Fernand Dennis. According to the United Press, the United States will send $1,100,000 worth of defense materials to Haiti, which will pay for them later by shipments to the United States of sugar, coffee, rubber and other Haitian products.

In his second lease-lend report to Congress on Sept. 15, President Roosevelt mentioned that "we have already embarked upon a comprehensive program of material aid to the countries of Central and South America to strengthen the common defense of our good neighborhood."

Write for Insurance Memos

Brief but comprehensive memorandums on Hartford Steam Boiler Inspection & Insurance Co., American Home Fire Assurance Co., Northeastern Insurance Co., American Equitable Assurance Co., American Re-Insurance Co., Occidental Insurance Co., Home Fire & Marine Insurance Co., and General Reinsurance Corporation, have been prepared for distribution by Mackubin, Legg & Co., Redwood & South Streets, Baltimore, Md. Copies of these interesting leaflets may be obtained by writing to the firm's Bank and Insurance Stocks Department.

Convention Footnotes from Down N. O. Way--Low-down on Highlights at Traders Gala

Our inquiring reporter gives you further side-lights on the National Security Traders Association Convention "way down yonder in New Orleans".

Ninety-nine lady conventioneers registered.

Wm. Perry Brown, Newman, Brown & Co., Inc., New Orleans, General Chairman of the Convention Committee was presented with a leather Pullman case as a token of appreciation for his work.

Mrs. Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky., was the Chairman of the Committee at Louisville party. Her compacts for the ladies showing the map of Kentucky on their covers made them a most welcome and unique gift to take back home.

Chester M. Glass, Jr., Bankamerica Company, San Francisco, (and we vouch for this as a true one) was in the Coffee Shop of the Hotel Roosevelt having breakfast with a bunch of the boys when a bell boy came in and asked for him—handed over eighty to Chet saying it was left in his trousers when he sent them to be pressed. **Jerry Tegler** at this point exclaimed, "Migawd—and he's our new treasurer!"

The Gala Dinner was given a gay New Orleans touch with fifteen sweet things hand-picked by **F. B. Breckinridge**, Whitney National Bank, head of the entertainment committee—and, boy, can he pick 'em.

Harry C. O'Brien, Katz & O'Brien, Cincinnati, Ohio—

Last night of Convention he said,
With his hands tightly clasped to his head,
"The party, oh boy,
"I'll remember with joy,
"But my stomach will cheer when I'm dead."

Perry Brown, Newman, Brown & Co., New Orleans, when asked by **Stanley S. Carothers**, Hyams, Glas & Carothers, New Orleans, for the visiting traders, if there was a bar on the sight—seeing steamer, replied, "We have made arrangements to serve free drinks on board and ample provisions for life preservers, too."

Walter D. Kingston, Lamar, Kingston & Labouisse, New Orleans, won the bottle of champagne offered by the Arthur Murray dancers at the Roosevelt Hotel Grill for the best Waltz—nice going, Wally.

Bert H. Horning, Stifel, Nicolaus & Co., St. Louis, took his steam bath on the top deck of the excursion boat. Next time don't sit under the whistle, Bert.

Mrs. Herbert C. Irish, wife of **H. C. Irish**, Fairman & Co., Los Angeles, gave a champagne party for all the seventeen in the Los Angeles group and their friends—also gave away to a lucky few bottles of sherry. Nice way to sell Los Angeles.

Rita Stem Reynick, 7933 Willow Street, New Orleans, is the guide to show you the city. All the twenty-five men agree she did a swell job of showing them the French Quarter.

Charles C. King, The Bankers Bond Co., Inc., Louisville, Ky., one of the "Three Kings," at the Convention is to be complimented on his generosity in giving pictures to the groups. Snapped at the Louisville, Ky., party and delivered at New Orleans by Charlie in person is some service.

Johnny Walsh, Berwyn T. Moore & Co., Inc., Louisville, Ky., gave out a very spicy card to the boys headed: "Hi, Fella! If you missed this card, write and get one. It's Good."

George E. Lestrange, Moore, Leonard & Lynch, Pittsburgh, Pa.—Believe it or not, George was the only one here from Pittsburgh.

Jack Hecht, Butler, Huff & Co., Los Angeles—caught up on his sleep on the boat ride and earned the title of "Sleeping Beauty."

James N. Russell and wife—Gillis, Russell & Co., Cleveland, Ohio—the most active and happy conventioneers. This goes for the train trip too. Jimmy, what's the secret of your pep.

W. Perry McPherson, Walker, Austin & Waggener, Dallas, takes the cake for picking out the most attractive corsages for his beautiful wife. Such a thoughtful husband at a Convention!

L. H. Jacobs, Superintendent of Postal Telegraph-Cable Co., New Orleans, set up a huge billboard in the lobby of the Hotel on which all the names and room numbers of the NSTA members appeared, as they registered the operator pasted their names on the board which was made to resemble their blank—a straight alphabetical roster of all the members helped a great deal.

John P. Corrigan, Brown Corrigan & Co., New Orleans, told this one at Lakewood Country Club. The Philadelphia boys sent some Philadelphia scrapple to the New Orleans party. On the way home John asked the colored boy to prepare a package of scrapple for him. The boy returned with a big paper bag. John said, "What's all this?" The boy replied, "Say, boss, I thought I would add some rolls, bones, vegetables, etc., for your dog."

Herb Blizzard, Herbert H. Blizzard & Co., Philadelphia, made a fine speech at the Gala Dinner Party. We are sure Herb will make a swell president for you—help him get those new members—don't be slackers.

Arthur Wiesenberger, Arthur Wiesenberger & Co., New York City, told the one about the fellow who sent a post card home from the French Quarter saying, "Having a wonderful time with gorgeous native—wish you were her."

Connie Miller, E. W. & R. C. Miller & Co., Philadelphia, left the train early Sunday evening and insisted on setting one up for all the boys and taking the orders himself—as a sport he's aces, but as a bartender he came out long one brandy, short one martini.

Henry C. Welsh, Jr., Lilley & Co., Philadelphia, looked like Santa Claus struggling onto the train Saturday night loaded with bundles (it was bundles) from a New Orleans shopping tour with his wife.

Gilbert Hattier, Jr., White, Dunbar & Co., Inc., **John P. Corrigan**, Brown, Corrigan & Co., **Charles Lob**, Weil & Co., Inc., officers of the New Orleans Security Traders Association, and the Convention Committee, **Wm. Perry Brown**, Newman, Brown & Co., Inc., **Jos. H. Weil**, Weil & Arnold, **Claude J. Derbes**, Couturier & Derbes, **Fred N. Ogden**, **J. W. Kingsbury**, Kingsbury & Alvis, **R. Jeremy Glas**, Hyams, Glas & Carothers, **F. Prevost Breckinridge**, Whitney National Bank, **Errol E. Buckner**, National Bank of Commerce, and **Ford T. Hardy**, Merrill Lynch, Pierce, Fenner & Beane, are the boys deserving a great big hand for their splendid job on the Convention party.

R. C. Johnson Reopening

Robert Charles Johnson will shortly become engaged in a securities business under the name of R. C. Johnson Company; at present the firm may be reached at 683 East 38th Street, Brooklyn, N. Y. Mr. Johnson was formerly in business in New York City under the same firm name and in the past was connected with Haimes Herman Co. and Redmond & Co.

Investment Trusts

Investment Company Briefs

Union Trusteed Funds, Inc. was the first investment trust offered to the public after the passage of the Investment Company Act of 1940. It was brought out just last September and now has assets of more than $850,000 according to a recent letter that was sent to investment dealers from Andrew J. Lord, president of Lord, Abbett & Co., the sponsors.

The following figures show the growth of the fund by quarterly periods:

September 30, 1940	$57,101.78
December 31, 1940	249,756.28
March 31, 1941	482,930.91
June 30, 1941	713,753.22
August 31, 1941	858,736.12

In many older trusts operating expenses were high at inception, and became reasonable only as the trusts grew in size. This has not been the case for Union Trusteed Funds. Special provisions limited the early expenses of the Fund so that the first shareholders would not be penalized. According to Mr. Lord's letter, the actual operating expenses of the trust have amounted to only .7712% of average daily assets on an annual basis—a figure which compares favorably with the records of the biggest and oldest trusts.

Performance of the various series of shares since inception has been very good—especially that of the three bond funds. UBA, UBB, UBC. The results for all of the series, without adjusting for dividends were reported as follows in Mr. Lord's letter:

	Initial Date	Price	Price as of 8-31-40
UBA	9-30-40	22.00	23.12
UBB	9-30-40	15.93	17.12
UBC	6- 2-41	5.49	5.67
UPS	10- 7-40	13.98	14.07
UCSA	10-24-40	12.01	11.32
USCB	12-27-40	6.96	6.42

* * *

A spread from Incorporated Investors distributors, The Parker Corporation, will cover all of the empty space on any man's desk, and a lot of the space that isn't empty. It is designed to bring to the dealer's attention the efficiency of the present streamlined management organization of Incorporated Investors which now includes Emerson Wirt Axe and all the facilities of E. W. Axe & Co., Inc.

Interesting to investors will be the back-page summary of stockholders:

122 Educational and Charitable Organizations in 22 States

Colleges, Schools, Libraries and Educational Foundations	22
Churches and Religious Societies	48
Lodges and Associations	26
Hospitals and Welfare Organizations	26

615 Executors and Trustees in 37 States

Banks and Trust Companies, as sole or co-executors	30
Individual Executors	84
Trustee accounts (banks and individuals)	501

254 Corporations and Companies in 31 States

Banks and Trust Companies	25
Insurance Companies	20
Investment Companies	111
Business Organizations	93

and

Over 27,000 Individuals in 48 States

Is O'Connor-Chesebrough

After the retirement from the firm on September 30th of Thomas J. Lyons, the name of O'Connor, Lyons & Co., 50 Broadway, New York City, members of the New York Stock Exchange, was changed to O'Connor & Chesebrough effective October 1st. Thomas F. Chesebrough, a limited partner in the former firm, became a general partner on the same date.

The Municipal Market

It is safe to assume that in the present emergency money rates will remain low and there is little likelihood that the Federal Government will permit them to rise disproportionately after the emergency, Dr. Marcus Nadler, professor of finance at New York University, said last Friday in an address at a luncheon of the Municipal Forum of New York.

Dr. Nadler questioned the necessity of the move by the Board of Governors of the Federal Reserve System in lifting reserve requirements to the legal limit as a means of holding down money rates. He said that most of the loans made by reporting member banks of the Federal Reserve System were contracted for financing national defense projects or to finance the sale of durable consumer goods.

A tightening of money rates which "might follow a reduction of excess reserves," Dr. Nadler added, would make government borrowing more expensive. If excess reserves are further reduced, he said, it would necessitate new taxes or the direct sale of Federal obligations to the ultimate investors, if the government were to take up the slack in bank investments in government obligations.

Concerning the long-range prospects for money rates, Dr. Nadler said that consideration should be given to the fact that there are outstanding about $5,000,000,000 of United States Savings Bonds and national defense obligations, and it is to be expected, he asserted, that the sale of these securities will continue on a large scale.

Maryland Tax Rate Cut 40%

An 8-cent cut in the State tax rate for 1942 and a similar reduction in the levy for 1943 was announced last week by Governor O'Conor. At the same time, the Governor indicated that, barring unforeseen events, he will call a special session of the Legislature to reduce that State income tax rate.

While the slash in the tax on real and personal property will not affect the levy for the current year, the contemplated cut in the income levy would be applicable to 1941 earnings.

The reductions in the 1942 real and personal property levy will cut that tax from 22 cents per $100 to 14 cents, or roughly by forty per cent. For 1943, the rate will be 13 cents per $100, instead of 21 cents, a reduction of approximately forty-five per cent.

Growing revenues of the State, principally from corporation and liquor taxes and the levy on incomes, make the reduction possible in the real and personal property rate and hold forth promises of a substantial cut in the income tax.

When Governor O'Conor took office the State tax rate was 23.35 cents per $100. The State debt was approximately $49,000,000. The debt, at the end of Mr. O'Conor's four-year term, will have been reduced to about $32,000,000.

Maryland Bonds Go Well

Indicative of the currently strong sentiment in the municipal market was the highly successful sale on Tuesday of the $9,000,000 State of Maryland Roads Commission revenue bonds. The award went to a syndicate headed by Smith, Barney & Co., on an interest costs basis of 1.852%, and the entire issue was sold to investors shortly after the public reoffering.

Indiana Reduces State Tax Rate

The state board of finance, composed of the Governor, auditor and secretary of state, saved Indiana taxpayers about $400,000 when it reduced the state property tax rate from 15 cents to 14 cents. Fifteen cents is the maximum permitted by law and for several years the full amount has been imposed regularly despite the fact that at times the general fund has approached $25,000,000. Although this fund's balance has been considerably reduced, its revenue is increasing from various sources. The cut in the state rate applies exclusively to the general fund.

Auditor James and Secretary of State Tucker studied the situation and agreed that some relief should be given to the taxpayers. The Governor voted with them and the cut was officially ordered. While the decrease for 1942 is relatively small, the action of the finance board is at least a start in the right direction.

The general assembly has approved several acts that help to fatten the general fund. It shares in gasoline receipts and gross income tax collections. Within a few years these new sources of revenue may provide all the money the state fund needs and then the tax on property probably will be reduced considerably and might even be eliminated.

Phila. Sewer Rent Plan Ruled Illegal

The Pennsylvania Supreme Court ruled on Monday that Philadelphia's latest sewer rent ordinance was unconstitutional. This ordinance had been passed to finance the $42,000,000 program to build additional branch sewers and to complete the city's sewage disposal plant.

Last October, the high court declared unconstitutional a prior sewer rent ordinance for the same purpose. In each case, the ruling was based on the same general proposition—that the so-called sewer rent was in effect a disguised tax.

The ruling was greeted with regret and disappointment by Acting Mayor Bernard Samuel and City Solicitor Francis F. Burch who announced that they would immediately seek another formula which could pass the test of constitutionality.

Recently, the City Council passed an ordinance under which the citizens would have voted in the November election on the $42,000,000 sewage disposal bond issue. Since there is no reason for this any more, Samuel will veto the measure.

Another Newark Debt Adjustment Plan Offered

Local Government Commissioner Darby has proposed to Newark officials that $11,054,200 long-term bonds in the city's portfolio could be cancelled finally by using $3,318,155 of its sinking fund surplus.

Meanwhile, Mayor Murphy received recommendations from a special advisory committee he appointed to study 15 refunding programs submitted to him by bond experts.

Darby offered the program gratuitously and declared it could be put into effect by action of the Sinking Fund Commission "without costing the City of Newark a red penny." Effect of the program, Darby said, would be to reduce interest and amortization charges over the life of the bonds by $4,474,668.

Darby sent a letter to Mayor Murphy outlining the program. He declared the plan was possible because "of the sound investment principles followed by the Sinking Fund Commission of the City of Newark for many years past, namely, that of investing sinking funds wherever practicable in term bonds of the City of Newark, for the payment of which the sinking fund was established."

Unlike the program proposed by Arthur N. Pierson, for which the city paid $3,000, Darby's plan does not contemplate issuance of new bonds. Pierson and Norman S. Taber both proposed use of the sinking fund surplus to reduce annual debt service charges but Darby suggests direct cancellation of the bonds. Taber asked $10,000 if his program were adopted.

Total Ohio Debt Shows Large Reduction

Ohio's local governmental units in the last year reduced their aggregate debt by another $24,486,233 to bring the total down to $679,572,888, it is indicated in the report of Joseph T. Ferguson, state auditor. The combined figure contrasts with the all-time high of $976,901,771 reached in 1930 and represents an annual rate of decline of about $30,000,000, the report says.

The state itself has no debt aside from about $12,000,000 owed to the school foundation, which is being liquidated rapidly, the report points out.

At the close of the 1940 year debts of all political subdivisions of the state amounted to $96.38 per capita, it is figured. This compared with $146.97 ten years earlier.

Counties alone reduced their debt at the rate of $7,500,000 annually in the decade. At the end of last year their total of $95,078,000, or $13.76 per capita, compared with $170,320,651, or $25.62 per capita, at the end of 1930, a cut of nearly half.

Largest total debt of any of the local governmental units was that of the city of Cleveland. Its aggregate of $116,502,949, or $141.44 per capita, at the end of 1940 compared with $105,580,000, or $234.01 per capita ten years before.

Cincinnati reduced its debt $27,000,000 in the ten-year period from a peak of $105.580.000, or $234.01 per capita. The 1940 per capita was $171.35.

Illinois Treasury Balance Largest in History

Including regular funds at $82,413,687 and trust funds at $239,102,471, the Illinois treasury balance as of August 31 totaled $321,500,000, largest in history. State Treasurer Warren Wright in making public the report expressed the opinion that the State is "fully prepared to meet any economic letdown that may come."

Texas Plans to Ban Deficit Financing

A proposal to refinance a general debt, currently at $30,000,000 and estimated at $50,000,000 by Sept. 1, 1943, will be submitted to Texas voters at the general election in November.

The proposal involves issuance of 20-year 2% bonds and limitation of legislative appropriations to estimates of revenue made by the State Comptroller. Senator W. Lee O'Daniel, while Governor, proposed the ban on deficit spending.

Oct. 7th

$5,000,000 Boston Metropolitan Dist., Mass.

In Sept., 1937, the district awarded bonds to a syndicate headed by the First National Bank of New York. Runner-up in the bidding was the Chase National Bank of New York, and associates.

Oct. 9th

$661,000 Onondaga Co., N. Y.

Syndicate headed by Lehman Bros. of New York, purchased the bonds offered last December. Phelps, Fenn & Co., of New York, and associates, second best bidder.

$504,000 Union City, N. J.

This city has not negotiated any recent bond sales.

Oct. 14th

$3,000,000 South Carolina, State of

The most recent issue of long-term State highway certificates of indebtedness was sold last March, the award going to a syndicate headed by Lehman Bros. of New York, out-bidding the Union Securities Corp. of New York, and associates.

Nov. 4th

$1,030,000 Terrebonne Par., La.

This parish has not made any recent sales of bonds.

Large Field of Entrants in Sports Events On NSTA Field Day—Meet the Winners

Wednesday, September 24th, was the grand Field Day of the National Security Traders Association Convention with a large list of entrants in all events.

First place in the swimming meet was won by George F. Opdyke, Ledogar-Horner Co., Cleveland, Ohio—prize a handsome onyx desk set; second place went to William H. Boland, H. B. Boland & Co., New York City, who was presented with a trophy plaque.

Wilbur Hess, received an electric clock as first prize in the tennis matches. Second prize, a Ronson lighter, went to Phillip J. Clark, Amos C. Sudler & Co., Denver, Colo.

The Soft Ball cup was retained by the Cleveland team—with the game called on account of rain. The Cleveland boys will fight on their home grounds next year to retain the cup. (It's Cleveland, for 1942.)

Golf winners and prizes awarded were:

Low Gross—V. T. Low, trophy donated by Union Bank & Trust Co. of Los Angeles; runners-up, Larry E. Shaughnessy, Park-Shaughnessy & Co., St. Paul, Minn., who received a plaque donated by Seattle Bond Club, and Eldridge Robinson, Baum, Bernheimer Co., Kansas City, Mo., who was presented with a bag given by the Wall Street Journal.

Low Net—Frank E. Haas, Rufus Waples & Co., Philadelphia, received first prize, the Journal of Commerce Trophy; M. J. Isaacs of Strauss Securities Co., Chicago, was runner-up, winning a trophy donated by the Florad Security Traders Association.

Low Net—Municipal Men Only—B. Frank Williams, National Bank of Commerce, New Orleans, won the Blue List trophy; George H. Kountz, Einhorn & Co., Cincinnati, received a Mark Cross leather bag given by the "Bond Buyer."

Low Gross, Second Flight—Jack Glenn, Courts & Co., Atlanta, Ga., won a $120 subscription to Fitch Investors Service, donated by Fitch Investors Service; Stanley L. Roggenburg & Co., New York, was runner-up winning Wilson Woods donated by Western Union.

Blind Bogey—A. B. Quirk, M. A. Manley & Co., Detroit, Mich., won the golf bag given by the New Orleans Association.

The Mystery Prize, six silver goblets, given by the local boys of the New Orleans Security Traders Association, was won by Chris J. Newpart, Merrill Lynch, Pierce, Fenner & Beane, Chicago.

Inter-City Match was won by the Cincinnati team—Stan McKie, The Weil, Roth & Irving Co., George H. Kountz, Einhorn & Co., and Robert W. Thornburg, W. C. Thornburg Co. The prize, a cup donated by the National Quotation Bureau.

A. A. Harmet, A. A. Harmet & Co., Chicago, won the prize (a dozen golf balls donated by the local traders Association) for the most strokes—score 127.

Ford T. Hardy, Merrill Lynch, Pierce, Fenner & Beane, chairman of the Sports Committee, and his committee of six are to be congratulated for the splendid field day outing. Lunch was served to all the boys around the cool swimming pool.

Now A Partnership

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Harold W. Lutich has been admitted to partnership with Sidney P. Kahn, formerly an individual broker with offices at 482 California Street. The firm name of the new partnership will be Sidney P. Kahn. Mr. Lutich has been associated with Mr. Kahn for some years.

Opens In Baton Rouge

(Special to The Financial Chronicle)

BATON ROUGE, LA.—Commercial Securities Co., Inc., 309 Church Street, has been formed to engage in a securities business. Officers of the new organization are T. J. Singletary, president, I. C. Nichols, vice-president, and I. L. Morris, secretary and treasurer.

"JOTTINGS"

(Continued from First Page)

been the recent experience of Sterling Products with Thurman Arnold's Anti-Trust Division. Whereas the Bausch & Lomb case took 15 months, Sterling got through in about five and came out with fines of only $26,000 and a final press release from Anti-Trust which critics called a whitewash of the company and insisted showed the fine Italian Corcoran hand.

The Scripps-Howard paper here carried a series of news attacks which probably queered Corcoran's chances of getting the coveted Solicitor-Generalship, and were followed by attacks from the Pearson-Allen team, who have had no love for Corcoran since a few years ago they lost their information pipe line into the Administration to the Kintner-Alsop team. As a result Arnold called a press conference to answer the criticism and explain such things as a 100-mile midnight ride with Corcoran to route Biddle out on his vacation to sign one of the papers in the case. Lots of money is being made here by ex-government lawyers, but Corcoran, having set up the law departments of offices all over the city and placed innumerable men therein, is in the best position of them all to make a killing.

The new SPAB is consideerd a pretty good job from several points of view. To the New Dealers it gives at long last a majority control of the defense program and a sympathetic executive officer, Nelson. To business it gives as near an efficient centralization as could reasonably be expected, with a competent business man as executive officer—Nelson. But the real rising star and future man-on-horseback is Leon Henderson, who is always ready to fight (even the President for what he believes right, which usually means what he happens to want at the moment, and is a great lover of power and the crack-down technique. Not that Nelson exactly has to take orders from Henderson, but his days with SPAB, the consensus is, will be numbered whenever he begins to cross Henderson. His crossing of Morgenthau last week, on the other hand, was not politically important. Henderson seems gradually to be learning to control his terrible temper and when angered recently by a Senator kept still so long before he answered that one experienced observer estimated he must have counted to 1000.

It is said that Stetinius and Knudsen will not be here many more months. Knudsen, particularly, has been needled too long by the New Deal, lend-lease, expansionist, reform-before-defense crowd, though he wouldn't believe it for a long time, being too straight-forward and politically naive. . . . Odlum in three weeks seems to have got a firm grip on the defense contracts problem and has big ideas—may put 10,000 people to work, as it will be a long job. But the spadework was already done when he arrived; i.e. the political backfire from priorities unemployment and small business was forcing Congress and the White House to put the heat on the Army and Navy to give up some of their hard-shell resistance to spread-the-work policies. Mehornay, Odlum's predecessor, was no match for the Maginot line of Army and Navy procurement methods.

The only man yet who has crossed Ickes successfully is Jesse Jones. When Harold refused power for an Aluminum project in the northwest, OPM in despair finally went to Jesse, who solved the problem by having the plant built as government property to be then operated by Aluminum Corp. . . . Davies, Ickes' right hand, still gets his $57,000 a year from California Standard, according to a registration statement of the latter with SEC filed in August. . . . A man on the way up here is Colonel Bill Donovan who is building up an economic intelligence service against the day when Washington is capital of the world.

Believe it or not, SEC officials feel that competitive bidding has already justified itself, though in the same breath willing to admit that it is still in an experimental stage. On the question, "Who will prepare the issues?" the answer is that under the Barkley-Cole Trust Indenture Act the indenture is mostly scissors-and-glue, and the accounting work has been largely standardized by the Act of 1933 and the Utility Act of 1935 with amendments. Anyway, that's what they say.

Sumner Pike, who will appear this month before a New York state legislative committed to urge that the life insurance companies be allowed to buy a few common stocks, keeps around his office a blown-up chart from Mutual's latest annual report showing that the margin between the company's investment income and its reserve needs is close to the vanishing point. He'll probably take it with him to the hearings.

A Bond Buy for Banks

An interesting circular describing a bond of bank quality yielding 6¾% has been prepared for distribution by A. O. Van Suetendael, 15 North Broadway, Yonkers, N. Y., from whom copies may be obtained upon request.

Our Reporters Report

(Continued from First Page)

others, bid in the big American Telephone & Telegraph issue, defended the right of such institutions to bid against bankers but expressed "many doubts as to the soundness and desirability" of insurance company bidding "as a continuing and permanent practice."

He warned that if a few insurance companies continued to step in and buy up, in their entirety, choice issues of securities it would tend to bring about a situation where eventually control of obligations of the country's biggest corporations would be in the hands of a few institutions.

Moreover, he said, he did not think that, as a general rule, policyholders should be exposed to the risks which belong to underwriting. He put himself on record, however, as definitely opposed to any legislation that would stop insurance companies from buying and held that they should retain their rights in that respect.

Fears Damage To Market

Mr. Douglas expressed the personal conviction that submission of the mutual bid for the Telephone issue "does not mean that the company will necessarily follow this procedure as a regular policy."

He recognized, he said, that insurance companies and other institutional investors definitely need the investment banking industry's machinery in their day to day operations, and that they would be foolhardy to contribute to its destruction.

He gave it as his considered opinion that the problem of direct bids by investing institutions would be solved by an open-minded and broad approach to the whole question.

Watching the Trend

While investment bankers were openly chagrined by the outright institutional invasion of their field, some of their number found reason for hope in the fact that the bid for the Telephone issue was limited to only three insurance companies.

In this observer's opinion there would have been really serious reason for concern had there been a wholesale rush of institutional investors to enter bids. If fifty companies had appeared in the bidding, he said, then things would have looked black.

But under the circumstances, he asserted that he would rather suspend judgment for the present and let the trend develop itself a bit more clearly before coming to any definite conclusions.

Another Test Ahead?

Another test of the situation looms as a possibility when bids called for by the Philadelphia Electric Company are opened around October 20.

The issue is not a large one, involving $20,000,000, but it is another instance of "quality bonds" and so may very readily attract institutional buyers.

Carrying a 2¾ per cent coupon the operation has aroused the interest of banking groups and four syndicates already have indicated that they will submit bids. Thus far nothing has been heard of the intention of institutional investors to enters the situation.

Now Gross, Martin & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—The firm name of the California Seaboard Corporation, 639 South Spring Street, has been changed to Gross, Martin & Co. The firm is a member of the Los Angeles Stock Exchange.

Our Reporter On "Governments"

The reserve requirement increase is out of the way. . . . The market confirmed everything said here last week by doing absolutely nothing on the actual announcement. . . . Indicating that the authorities did prepare investors for this news in a manner that deserves only the highest praise. . . . Now the story is around that the Federal Reserve Board will remain quiet for a little while, then come out with an urgent request (repetition of a request might be a better way to say it) for authority to raise bank requirements to twice the level existing November 1. . . . And the big question before traders and institutional investors today is:

How soon will we have a cash financing?

To answer that one quickly, this column's feeling is "very soon." . . . Perhaps before the middle of October and surely before this month is over. . . .

The Terms

Until a short time ago, most informed observers believed Secretary Morgenthau would put off issuing a long-term Government bond for many a month. . . . The idea was Morgenthau disliked pegging the market at any special level—which, of course, a long-term bond would do. . . . The impression was he preferred the safety of selling intermediates in view of the condition of the world in general, the nation in particular. . . .

But during the last few days, an entirely different report has been circulating over the grapevine.

That report in short, is that:

(1) The Treasury shortly will borrow around $1,000,000,000, of which $204,000,000 will represent cash raised for refunding of the December 1¼s. . . .

(2) That this financing will take the form of a 25-30 year obligation—one due in 1971, callable in 1966, to be exact. . . .

(3) That the coupon will be 2½%. . . .

(4) That the new bonds will be worth a 2.40 basis immediately after the offering, or a price of around 101⅞. . . .

(5) That the present price of the maturing 1¼s indicates investors are anticipating a "sweet" issue, for these notes now are at a 1⅞ point loss equivalent. . . .

(6) That Morgenthau may be forced into selling an issue on approximately these terms because he can't take the chance of disappointing the holders of the "rights" and thus disturbing the entire market—psychologically, at least. . . .

Insurance Companies

Again, we repeat, this is just a report. . . . But it's coming from good sources and there's more than a suspicion that it has been sponsored by Washington to "feel" out the market. . . . (The same sort of thing that was done with the reserve requirement boost). . . .

One thing is certain: The insurance companies went a real long-term bond. . . . They don't want more intermediates, yielding starvation returns. . . . They're perfectly willing to extend their maturity schedule to 25, 30 or even 35 years—in order to get a fair return on Treasury securities. . . . And the insurance companies, it should be mentioned now, are major buyers of Governments, especially on new issue dates. . . .

To a certain extent, Morgenthau has worked himself into a position where he can't do anything else but sell a fairly long term bond. . . . His schedule in the '50's is crowded now with 2½s and 2¾s selling at high premiums. . . . If he shortens the due date on a new issue much beyond 25 years, he'll have to "give away" too much to subscribers. . . . And a too sweet bond would be as dangerous as a too thin issue. . . .

As for cutting below 2½% coupon rate, the fact that he's selling 2½s to the public may militate against that decision. . . . Pyschological barrier on this isn't extraodinary but it's something to consider anyway. . . .

Money Rates

To any trader "short" the market before the Reserve Board's requirement increase announcement, the reaction of the list to the news was catastrophic. . . . Of course, the bond crowd knew the news had been discounted. . . . Of course, professionals admitted the possibilities of anything but a short-lived drop were meagre. . . . But for the market to manifest only relief at the news — well, that was too much. . . .

The reason for their consternation at the stability of the list was that so many had resigned themselves to a gradual hardening of interest rates. . . . And they have been handling their positions and advising their customers in acordance with that belief. . . .

Will interest rates harden from this point on? That's a terrifically difficult question to answer—but it's crucial and it's an issue which must be faced squarely by all holders of top-grade bonds. . . .

This department doesn't presume any superior knowledge on the issue. . . . To be positive about the point might, as a matter of fact, be presumptuous at this stage of the game. . . . But for the benefit of observers, these angles are presented:

(1) "Morgenthau - Eccles-Baruch" may be a new combination of monetary powers in Washington soon. . . . For the first time in years, Morgenthau and Eccles are working together on monetary policies, for the two men today are most interested in one thing—inflation control. . . .

(2) In the Reserve System's anti-inflation program, presented last New Year's Day are credit control suggestions which would almost certainly stiffen money rates. . . .

(3) Eccles has admitted both publicly and privately that he expects some rise in interest rates following imposition of inflation control devices. . . .

(4) Baurch also has indicated he cares deeply about only one thing and that is averting inflation in this country. . . .

(5) To be logical about this then: Morgenthau's official friends of today are resigned to permitting some change in the easy money situation if such change is part of inflation control; following that through, wouldn't one expect Morgenthau to resign himself to that too?

The pending reserve requirement boost will cut away only $1,200,000,000 from excess reserves of $5,200,000,000. . . .That's not enough of a move to deserve anything but casual attention. . . But if the Reserve Board gets the additional powers it wants and if Eccles uses them as he has indicated he would like to, a rising market on a credit control announcement would be a mighty strange sight to behold. . . .

Some Statistics

New money borrowing during the 1942 fiscal year will amount to between $7,000,000,000 and $8,000,000,000, according to Morgenthau's testimony before the House Banking & Currency Committee recently. . . .

Only about $3,000,000,000 of this will be raised by issues of regular Treasury securities, though . . .

On November 1, excess reserves at central reserve city banks will be cut from about $2,400,000,000 to $1,700,000,000; at reserve city banks, from about $1,850,000,000 to $1,500,000,000; at country banks, from about $1,000,000,000 to $800,000,000. . . .

About 75% of the member banks of the system hold surplus funds far in excess of the increased requirements. . . . Few if any banks will have difficulty in meeting the demand . . .

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 387)

the direction of the clerk in charge of sell 'em at the market. So they sold. So stocks went down. So more people sold. So they went down some more. And so it went.

The fact that Morgenthau's statement was nothing more than a trial balloon was brushed off as begging the question. Even the fact that no new tax bill was pending in Congress was completely disregarded. Even the memory of what a tough time the Administration had in getting at least some of it's new taxes on the books was shooed away as unimportant.

The cry around customer's rooms was sell and be damn quick about it. "The six percent thing is in the bag and the quicker you get out the better for you" was accepted as gospel by the rank and file.

By Friday the market had quieted down a little. Stocks stopped coming out in strings on volume but the underlying uneasiness was still present.

Now it would be a simple thing to stand off and poohpooh the whole thing as nothing to be worried about, except for one thing. I have learned from bitter experience never to disregard public uneasiness, justified or not. Once the public gets the bit in it's teeth there is no telling where it will go and where it will stop. In the old days when the market makers—remember them? — controlled stocks you could almost figure to the point where they would come in and buy 'em from a frightened public. Today things are a lot different. Yesterday's market manipulators are gone and the New Deal with it's various agencies controls things. Still, the public —that part of it still in the market—continues to act on impulse. But the brakes in effect in the old days are no longer present.

From a strictly technical position the market now looks as low as it should go. But this is based on technical indications not mob psychology. And technical support points melt away like snow flurries in a warm sun if the public is really in earnest about selling.

Be that as it may we still have individual stocks to worry about rather than the market as a whole. So without further ado I'll get down to the stocks you now hold, their purchase points, "stops" etc.

Anaconda Copper was bought at 27 with a stop at 25. Stock is still above the stop price. Hold unless it breaks it.

Bendix bought at 37 with a stop at 34 is another one that is comfortably above it's critical level. Hold that one too.

N. Y. Shipbuilding, bought at 15 with a stop at 26, is above it.

Savage Arms taken at 17 (old) has a stop at 14½. (The present stock is equivalent to 80). Raise your stop now to 17½.

Swift & Co. bought at 24-25 with a stop at 23½ managed to stay just above it on the recent set back. Hold but keep stop in mind.

The last issue in our list is Warner Bros. bought at 5 with a stop at 3¾. The stock got within a fraction of breaking that figure on last week's reaction but never quite broke it. So long as it stays above the 3¾ price my advice is to hold.

There is another unpleasant thing about this market that you'll have to expect. The reaction wiped out a lot of important work that took weeks to accomplish. So the best you can now look for is another building up process that may take weeks to complete before another general market advance is indicated.

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.]

WHISPERINGS

To please the Senate Committee, the movies, according to **Earl Rodney (Merrill Lynch etc. partner)** should end all future movies with the announcement: "Any resemblance to Hitler is his own fault."

International Paper will pay up to $5 on the pfd. accumulations in addition to the regular. . . .**Erie's** new stock to come out sometime in November . . . shortly after new stock is out company will pay something against accumulations on the pf'd. "A". . . . **Gulf Mobile & Ohio** pf'd. to pay $3. . . . **Worthington Pump** 1941 net about $7. . . . **National Supply** 1941 net about $2.40 on common against a deficit last year. . .

At the New Orlean's convention a party of dealers took a trip to see the famed stables at Lexington, Kentucky. They were shown around but most of the visitors were fascinated by "Man O' War" whose stud fee was $5,000 and no guarantee. One pair of newlyweds were staring at the horse when the bride noticed something. "Oh George," she cried excited, "look at——." Not only George but the rest of the group turned to see what she was pointing at. Suddenly becoming aware that she was the center of the onlookers she flushed and hurriedly shifted her finger to point at a group of birds instead. The dealers were not misled. Their bursts of laughter could be heard back in New York.

One broker tells us that despite the war he is still getting letters from England, France and Holland—and postcards from Scotland. Which reminds us of the curious travel booklet a friend of ours just received. It pictured the beauties of Holland and pointed to the educational benefits obtained from a cycling trip through the land of tulips "at this time of the year." Wondering, our friend looked at the date mark. It was mailed in the spring of 1934 and took seven years to reach him.

Defense Industry Sidelights—Russian and German tanks already are 90 ton behemoths but U. S. Army is still experimenting with a 55 ton tank, but completion of the first production model is still some six months away. Our tanks have 37-mm guns. Comparable German tanks have 47-mm. In recent demonstration one of our light tanks—13 ton M-3—was penetrated by a 37-mm shell. The demonstration was supposed to show tanks invulnerability to such shells . . . AC Spark Plug division of GM is one of the few firms handling defense orders to be about a year ahead of schedule. Efficiency however is due to company methods not to Army cooperation. AC guns are used for tanks and planes. But these aren't sent directly to plane or tank plants. Army insists these be sent to Ordinance depots from where they are shipped to plants. Army says this saves bookkeeping.

A lot of the boys grabbed the addresses of the entertainers at the convention's stag party and couldn't wait to get away to find "if it was true what they said about Dixie." At the addresses they discovered barkers at the door—and second rate gin mills grinding away inside—that's all. It took some of the boys as much as $40 to find out there are no Free French in the French Quarter.

Bernard M. Baruch is said to be the heavy buyer of **International Nickel.** And now he is active in a group buying **International Tel. & Tel.**

Nat (DuPont & C&C) Madison Avenue office insists he saw this happen at an uptown bar where he dropped in for what he calls a "refresher." Three Wall Street men, about three sheets to windward, staggered in and made for the bar. The first one ordered a side car. "Make that two" said the second. The barman looked at the remaining member of the trio and asked, "side car for you too, sir?" . . . "Nah!" replied the man. "I think I'll walk."

Peruvian Sugar Exports

Peru's sugar exports during the first six months of 1941 reached 177,875 long tons, raw value, as against 160,997 tons during the corresponding period last year, an increase of 16,878 tons, or approximately 10.5%, according to a report received by Lamborn & Co., New York, from Lima. The exports for the first half of 1941 are the largest of any similar period on record.

Sugar on hand in Peru on July 1 this year approximated 163,000 tons as against 120,000 tons on hand on the same date last year.

Peru's current sugar crop is expected to approximate the record crop of 458,836 long tons produced during the 1939-40 season. Consumption in Peru last year totaled 100,230 long tons.

Reserve Board Raises Reserve Requirements To Statutory Limit Effective November 1

An increase in reserve requirements of the member banks to the statutory limit was announced Sept. 23 by the Board of Governors of the Federal Reserve System, to become effective on November 1. The action was taken as a further step in the efforts of the government to forestall any tendency toward inflation. The Chairman of the Reserve Board, Marriner Eccles and Secretary of the Treasury Morgenthau issued a joint statement the same day in which it was stated that recommendations would be made by the Board and the Treasury for the granting of additional powers over bank reserves if they should determine that such action was desirable. The new requirements on demand deposits are 26% in Central Reserve Cities compared with 22¾% now, 20% in Reserve Cities compared with 17½% now, 14% in country banks compared with 12%; on time deposits the rate was raised from 5% to 6%. The new rates are the same as those in effect from May 1, 1937 to April 15, 1938, at which time reduced rates were instituted which have remained unchanged up until now.

The present order, which is said to have been decided upon unanimously by the Reserve Board and the Treasury will reduce excess reserves from about $5,200,000,000 to $4,000,000,000, it is believed.

Following is a tabulation showing the new rates together with the rates in effect during all periods since June 21, 1917

MEMBER BANK RESERVE REQUIREMENTS
(Per cent of deposits)

Classes of deposits and banks	June 21, Aug. 15, 1936 1917—	Aug. 16, Feb. 28, 1937 1936—	Mar. 1, April 30, 1937 1937—	May 1, April 15, 1938 1937—	1938— and after April 16,	Nov. 1, 1941 Effective
On net demand deposits:						
Central reserve city	13	19½	22¾	26	22¾	26
Reserve city	10	15	17½	20	17½	20
Country	7	10½	12¼	14	12	14
On time deposits:						
All member banks	3	4½	5¼	6	5	6

The joint statement by Secretary Morgenthau and Mr. Eccles was as follows:

The Treasury and the Board of Governors will continue to watch the economic situation and to cooperate with other agencies of the government in their efforts, through priorities, allocations, price regulation and otherwise, to fight inflation. Recommendations on the question of what additional powers, if any, over bank reserves the board should have during the present emergency and what form these powers should take will be made whenever the Treasury and the Board, after further consultation, determine that such action is necessary to help in combating inflationary developments."

The statement of the Reserve Board was as follows

As a further step in the government's program for combating inflation, the Board of Governors of the Federal Reserve System after consultation with the Secretary of the Treasury, has today increased reserve requirements for member banks to the present statutory limit, effective Nov. 1. This action, unanimously agreed upon, increases reserve requirements by about one-seventh.

The requirements beginning on that date will be: For demand deposits, 26% at Central Reserve city banks, 20% at Reserve city banks, and 14% at country banks; for time deposits, 6% at all classes of member banks.

This action will result in a reduction of excess reserves from about $5,200,000,000 to about $4,000,000,000 for member banks taken as a whole. At Central Reserve city banks excess reserves will be reduced approximately from $2,400,000,000 to $1,700,000,000; at Reserve city banks, from $1,850,000,000 to $1,500,000,000, and at country banks from nearly $1,000,000,000 to $800,000,000.

The action will leave the banks as a whole with ample funds to meet all bank credit needs of the defense program and all legitimate requirements of their customers. A survey made recently by the board showed that a large majority of the member banks will be able to meet the increased requirements out of existing excess reserves and all but a few of the remainder by drawing upon a portion of their deposits with city correspondents.

The Board determined that penalties for deficient reserves prior to Dec. 1, 1941, shall be based upon reserve requirements in effect Oct. 31, 1941.

Calendar of New Security Flotations

OFFERINGS

DEVOE & RAYNOLDS CO., INC.

Devoe & Raynolds Co., Inc., registered with SEC 29,000 shares 5% Cumulative Preferred Stock, $100 par

Address—787 Fifth Ave., New York, N. Y.

Business—Principal business of company and subsidiaries is manufacture, sale and distribution of diversified line of exterior, interior and industrial paints, varnishes, lacquers, enamels, synthetic resins, artists' colors and materials, paint brushes and other products incidental to the paint and varnish industry

Underwriter—Shields & Co., New York, is named principal underwriter; others to be named by amendment

Offering—Offered to public at 101 per share plus divs. from Sept. 1.

Proceeds — $1,028,100 to redemption on Jan. 1, 1942 at $115 per share and accrued dividends, of outstanding 8,940 shares 7% cumulative preferred stock, $100 par; $1,755,250 to redemption on Dec. 1, 1941, at 103¼ and accrued interest, of outstanding $1,700,000 of Fifteen-Year 4¼% Sinking Fund Debentures, due June 1, 1953; and balance for working capital

Registration Statement No. 2-4835. Form A-2 (9-10-41)

Offered—Sept. 30, 1941.

Devoe & Raynolds Co., Inc., filed amendment with SEC setting forth the names of the underwriters of the 29,000 shares of 5% cumulative preferred stock, $100 par, as follows:

	No. of shs. Underwritten
Shields & Co., New York	7,000
Lee Higginson Corp., New York	4,500
Ladenburg, Thalmann & Co., N. Y.	3,000
Graham, Parsons & Co., Phila.	2,000
Singer, Deane & Scribner, Pittsburgh	2,000
Otis & Co., Cleveland	1,500
Parrish & Co., New York	1,500
Baker, Watts & Co., Baltimore	1,000
Paul H. Davis & Co., Chicago	1,000
Moore, Leonard & Lynch, Pittsburgh	1,000
Paine, Webber & Co., Boston	1,000
Farwell, Chapman & Co., Chicago	750
Kalman & Co., Inc., St. Paul	750
Barclay, Moore & Co., Phila.	500
Beckett, Gilbert & Co., Inc., Dallas	500
Hill & Co., Cincinnati	500
Stein Bros. & Boyce, Baltimore	500

MISSOURI UTILITIES CO.

Missouri Utilities Co. registered with SEC $3,150,000 First Mortgage Series A 3½% 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 104¼, and in turn to be sold to Equitable Life Assurance Society of the U. S. for 104¾. 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)

Effective—12:30 P.M., E.S.T., Sept. 27, 1941 as of 4:45 P.M., E.S.T., Sept. 17, 1941.

Offered—Sept. 29, 1941.

NATIONAL CYLINDER GAS CO.

National Cylinder Gas Co. registered with SEC 100,000 shares common stock, $1 par

Address—205 W. Wacker Drive, Chicago, Ill.

Business—Together with its subsidiaries, engaged principally in manufacture and sale of oxygen and acetylene in most of the principal industrial areas in the U. S., and it's the third largest producer in the country. Also, manufactures nitrogen and hydrogen and sells these gases as well as carbon dioxide, dry ice and propane

Underwriters—Principal underwriters are Paine, Webber & Co., and F. S. Moseley & Co., both of Chicago; others to be named by amendment

Offering—The 100,000 shares common stock are already issued and outstanding, and are to be offered to public for the account of certain selling stockholders, who will receive the proceeds from sale thereof. Public offering price $10.25 per share.

Registration Statement No. 2-4839. Form A2. (9-12-41)

Effective—3 P.M., E.S.T., Sept. 24, 1941.

Offered—Sept. 25, 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, OCT. 2

BEACON BUILDING CORPORATION

Beacon Building Corp., Lucius Teter, et al, voting trustees of Beacon Building Corp., registered with SEC voting trust certificates for 109,084 shares $1 par common stock of Beacon Building Corp., Chicago, Ill.

Address of Trustee—135 S. LaSalle St., Chicago, Ill.

Address of Beacon Building Corp.—38 S. Dearborn St., Chicago, Ill.

Business—Beacon Building Corp. owns and operates an apartment building in Chicago. All outstanding common stock of company held by First National Bank of Chicago, as agent for voting trustees under voting trust agreement dated June 16, 1931

Extension of Voting Trust—The 109,084 shares of common stock of Beacon Building Corp. are subject to a Voting Trust Agreement which expired June 16, 1941. It is proposed to extend the agreement to June 16, 1951, through issuance of Voting Trust Certificates, subject of registration statement

Registration Statement No. 2-4840 Form F-1. (9-13-41)

SUNDAY, OCT. 5

PARQUAY OPERATING, INC.

Parquay Operating Inc., registered with SEC 55,850 shares common stock, 50 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Engaged in development and operation of a chain of retail food stores, store buildings and controlled parking built or to be built under Revolving Top Building and Parking Control Patent Franchises owned by company in Roswell, N.M. Later, it was decided to expand operations to include 11 additional stores located in 9 cities in New Mexico, including 3 in Albuquerque

Underwriting—No underwriters. The stock will be sold by company's agents under direction of its executive vice-president

Offering—The shares will be offered to public at following prices per share for each successive block of 11,170 shares each: $13.50, $15, $16.50, $18 and $19.50 per share.

Proceeds will be used to purchase 11 grocery stores to be located in 9 communities in New Mexico

Registration Statement No. 2-4842. Form A1. (9-16-41)

PARQUAY ROYALTY CO.

Parquay Royalty Co. registered with SEC 9,091 shares common stock, 25 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Company owns one grocery store built under Revolving Top Building Patent which is leased for period of 10 years from Nov. 20, 1937. Company intends to build grocery store buildings under that patent and controlled parking patents for Parquay Operating, Inc., and for other operating companies throughout New Mexico, Arizona, Utah, Nevada and Cal.

Underwriting—No underwriting. Shares to be sold by company's agents under direction of its executive vice-president

Offering—Shares to be offered at following prices for following blocks: $30 per share for first block of 1,117 shares; $32.50, $35, $37.50 and $40 per share for each of next successive blocks of 1,117 shares each; and $50 per share for last block of 3,506 shares

Proceeds to finance purchase of construction, equipment and construction of grocery stores, finance a purchasing department including warehouses, etc.

Registration Statement No. 2-4841. Form A1. (9-16-41)

MONDAY, OCT. 6

DOW CHEMICAL CO.

Dow Chemical Co. registered with SEC 113,519 shares common stock, no par

Address—Midland, Mich.

Business—Engaged in manufacture and sale of diversified line of inorganic and organic chemicals, also magnesium and magnesium alloys

Underwriting and Offering—The shares registered will first be offered to common stockholders of company of record at close of business Sept. 26, 1941, for subscription pro rata in ratio of one share for each 10 shares then held, at price of $100 per share. Such rights will expire Oct. 6, 1941. Any unsubscribed portion of such shares will be underwritten by underwriting group headed by Smith, Barney & Co., New York, others to be named by amendment. Smith, Barney & Co. is authorized to determine whether a public or any other offering of all or any part of the unsubscribed stock shall be made in the open market, or to dealers or in any other manner. Further details as to disposition of unsubscribed portion of such shares will be supplied by amendment

Proceeds will be added to company's cash funds, of which at least $5,000,000 will be applied to payment of present bank loans

Registration Statement No. 2-4843. Form A2. (9-17-41)

Effective—11 A.M., E.S.T., Sept. 26, 1941.

Offered—To stockholders of record Sept. 26, 1941.

Company filed amendment with SEC, disclosing that the underwriters have agreed to purchase from company, at price of $98 per share net to company, any of the 113,519 shares of company's no par common stock not subscribed for by exercise of subscription warrants issued to holders of company's outstanding capital stock.

Names of underwriters, and percentages of unsubscribed stock to be purchased by each, are as follows:

	% of Unsub. Stock
Smith, Barney & Co., N. Y.	13.21364
Bluth & Co., Inc., N. Y.	8.80910
Curtiss, House & Co., Cleveland	2.21901
Dillon, Read & Co., N. Y.	9.69001
First Boston Corp., N. Y.	8.80910
First of Michigan Corp., N. Y.	3.52364
Goldman, Sachs & Co., N. Y.	4.40455
Harriman, Ripley & Co., Inc., N.Y.	8.80910
Janney & Co., Phila.	4.40455
Kuhn, Loeb & Co., N. Y.	9.69001
Lee Higginson Corp., N. Y.	6.16637
Mellon Securities Corp., Pitts.	8.80910
Morgan Stanley & Co., N. Y.	11.45182

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅓ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅓ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

WEDNESDAY, OCT. 8

KEYES FIBRE CO.

Keyes Fibre Co. registered with SEC $1,400,000 First Mortgage Sinking Fund 4½% Bonds, due Oct. 1, 1956

Address—806 Bank of Commerce Bldg., Portland, Me.

Business—Manufactures a wide variety of moulded pulp products comprising more than 60 items and including plates, dishes, egg-packing material and egg cartons made of groundwood pulp derived principally from spruce pulpwood. About 57.16% of company's voting securities are held by New England Public Service Co. and its subsidiary, Central Maine Power Co.

Underwriter—To be named by amendment to registration statement

Offering—To be offered to public, at price to be supplied by amendment

Proceeds—(a) to provide funds for retirement of entire outstanding $1,125,000 of First Mortgage Serial 6% bonds of predecessor company (assumed by company), (b) to pay $172,000 of bank loans of company and a subsidiary, and (c) balance for working capital

Registration Statement No. 2-4846. Form A2. (9-19-41)

SUNDAY, OCT. 12

UNITED STATES SUGAR CORP.

United States Sugar Corp registered with SEC 200,000 shares 6.4% Series A Cumulative Participating Convertible Preferred Stock, $25 par, and 562,500 shares common stock $1 par, latter reserved for issuance upon conversion of the preferred

Address—Clewiston, Fla.

Business—Principal business consists of the culture of sugar-cane in the Everglades of Florida and extraction of raw sugar therefrom in a sugar-house adjacent to Clewiston, Fla. Sugar is presently disposed of under the contract with Savannah Sugar Refining Corp.

Underwriter—None named

Offering—The preferred shares registered are to be offered for subscription to holders of outstanding common stock and $5 preferred stock of company, of record Nov. 10, 1941, or the tenth day after offering of the stock to stockholders, whichever is later, at a price of $25 per share, on following basis: one share new preferred for each 10 shares common, and 4 shares new preferred for each share outstanding $5 preferred stock. Subscription period comprises the ten days following the record date, but company may extend the expiration date to not later than Dec. 15, 1941. Unsubscribed portion of the 200,000 shares preferred stock may be offered at others by company, at $25 per share, in sole discretion of company

Proceeds will be used for plant additions an improvements, purchase of new machinery and equipment, for retirement of outstanding $5 preferred stock, and for working capital

Registration Statement No. 2-4847. Form A2. (9-23-41)

MONDAY, OCT. 13

LOUISVILLE GAS & ELECTRIC CO.

Louisville Gas & Electric Co. has registered with SEC 150,000 shares common stock, no par value.

Address—311 W. Chestnut St., Louisville, Ky.

Business—This operating utility subsidiary of Standard Gas & Electric Co. is engaged principally in the electric and gas business in Louisville, Ky., and vicinity.

Underwriters—To be named by amendment.

Offering—The 150,000 shares to be offered to the public, at price to be supplied by amendment.

Proceeds—Will be used to reimbuse in part company's treasury for funds expended for construction (approximately $7,000,000), none of which heretofore has been used by company as basis for issuance of stock or long-term debt. Remaining amount needed, for this undertaking

Calendar of New Security Flotations

will be obtained from sale of additional common stock; of the amount so needed, company has temporarily obtained $3,150,000 by bank loans.

Registration Statement No. 2-4848, Form A-2. (9-24-41).

TUESDAY, OCT. 14

JACOBS AIRCRAFT ENGINE CO.

Jacobs Aircraft Engine Co. registered with SEC 140,000 shares capital stock, $1 par.

Address—750 Queen St., Pottstown, Pa.

Business—Engaged in development, manufacture and sale of aircraft engines, manufacture and sale of spare parts therefor, and sale of engine accessories. Engines produced are seven cylinder, radial, air-cooled engines of two series, rated for take-offs at 245 and 330 horse power, respectively. Unfilled orders on July 31, 1941, exceeded $20,000,000.

Offering—To be offered to public, at price to be supplied by amendment. The shares registered are issued and outstanding and will be sold for the account of five selling stockholders.

Underwriter—Riter & Co., Philadelphia, is sole underwriter.

Proceeds—To the selling stockholders.

Registration Statement No. 2-4850. Form A-1. (9-25-41).

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.

Westinghouse Electric & Manufacturing Co. registered with SEC 534,426 shares common stock, $50 par value, and Subscription Warrants evidencing rights in respect of such shares.

Address—306 Fourth Ave., Pittsburgh, Pa.

Business—Engaged, together with its subsidiaries, in manufacture and sale of machinery, apparatus and appliances for generation, transmission, utilization and control of electricity and in manufacture and sale of steam turbines and associated equipment.

Offering—The 534,426 shares will first be offered to outstanding preferred and common stockholders of company of record Oct. 15, 1941, for subscription at rate of one-fifth of a share for each share of preferred and common stock so held, at a price to be supplied by amendment. Rights expire Oct. 28, 1941.

Underwriters—Unsubscribed portion of such 534,426 shares are to be purchased by underwriters, at a price to be supplied by amendment. Underwriters may or may not, as they may determine, make one or more public or other offerings of such unsubscribed stock. All offerings of unsubscribed stock is to be made by the underwriters either at the market price then prevailing (NYSE), or at such other prices as Kuhn, Loeb & Co., representative of the underwriters, may determine. Underwriters, numbering 119, are as follows:

Kuhn, Loeb & Co., A. C. Allyn & Co., J. S. Bache & Co., Bacon, Whipple & Co., Baker, Watts & Co., Baker, Weeks & Harden, Banc Ohio Securities Co., Bear, Stearns & Co., A. G. Becker & Co., Biddle, Whelen & Co., Blair & Co., Inc., Blair, Bonner & Co., Blyth & Co., Inc., Bonbright & Co., Alex. Brown & Sons, H. M. Byllesby & Co., Inc.

Central Republic Co., Inc., Clark, Dodge & Co., F. W. Clark & Co., Courts & Co., Curtiss, House & Co., Paul H. Davis & Co., Dick & Merle-Smith, Dominick & Dominick, Drexel & Co., Eastman, Dillon & Co., Elkins, Morris & Co., Emanuel & Co., Eastbrook & Co., Equitable Securities Corp.

Farwell, Chapman & Co., Field, Richards & Co., The First Boston Corp., The First Cleveland Corp., First of Michigan Corp., Robert Garrett & Sons, Glore, Forgan & Co., Glover & MacGregor, Inc., Goldman, Sachs & Co., Graham, Parsons & Co., Grubbs, Scott & Co.

Hallgarten & Co., Harriman, Ripley & Co., Inc., Harris, Hall & Co. (Inc.), Hawley, Shepard & Co., Hayden, Miller & Co., Hayden, Stone & Co., Hemphill, Noyes & Co., J. J. B. Hilliard & Son, Hornblower & Weeks, W. E. Hutton & Co., The Illinois Co. of Chicago, Jackson & Curtis, Janney & Co.

Kalman & Co., Kean, Taylor & Co., Kidder, Peabody & Co., Knight, Dickinson & Co., Ladenburg, Thalmann & Co., Laird & Co., Laird, Bissell & Meeds, W. W. Lanahan & Co., W. C. Langley & Co., Lazard Freres & Co., Lee, Higginson Corp., Lehman Brothers, Adolph Lewisohn & Sons, Carl M. Loeb, Rhoades & Co.

Mackubin, Legg & Co., Laurence M. Marks & Co., Mason-Hagan, Inc., A. E. Masten & Co., McDonald-Coolidge & Co., Mellon Securities Corp., Merrill Lynch, Pierce, Fenner & Beane, Merrill, Turben & Co., The Milwaukee Co., Mitchum, Tully & Co., Moore, Leonard & Lynch, F. S. Moseley & Co., Maynard H. Murch & Co., G. M.-P. Murphy & Co., W. H. Newbold's Son & Co., Newhard, Cook & Co., Paine, Webber & Co., Arthur Perry & Co., R. W. Pressprich & Co., Putnam & Co.

Reinholdt & Gardner, Riter & Co., The Robinson-Humphrey Co., E. H. Rollins & Sons Inc., L. F. Rothschild & Co., Schoellkopf, Hutton & Pomeroy, Inc., Schroder Rockefeller & Co., Inc., Schwabacher & Co., Scott & Stringfellow, Shields & Co., Singer, Deane & Scribner, Smith, Barney & Co., Smith, Moore & Co., William R. Staats Co., Starkweather & Co., Stein Bros. & Boyce, Stern Brothers & Co., Stern, Wampler & Co., Inc., Stone & Webster & Blodget, Inc., Stroud & Co., Inc., Swiss American Corp., Spencer Trask & Co.

Tucker, Anthony & Co., Union Securities Corp., G. H. Walker & Co., Wells-Dickey Co., Wertheim & Co., White, Weld & Co., Whiting, Weeks & Stubbs, Inc., Dean Witter & Co., Yarnall & Co.

Proceeds—For payment outstanding bank loans, construction of plant additions, purchase of additional equipment, and for working capital.

Registration Statement No. 2-4849. Form A-2. (9-25-41).

THURSDAY, OCT. 16

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered to public, at price to be supplied by amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

SATURDAY, OCT. 18

LEXINGTON TELEPONE CO.

Lexington Telephone Co. registered with SEC 8,000 shares 5.2% Cumulative Preferred Stock, $100 par.

Address—151 N. Upper St., Lexington, Ky.

Business—Provides telephone service to 5 communities and their environs in Fayette, Jessamine and Woodford Counties, Ky.

Underwriters, and number of share underwritten by each, are as follows: J. D. Van Hooser & Co., Inc., Lexington, Ky., 3,000; Security & Bond Co., Lexington, 2,250; Almstedt Bros., Louisville, 2,000; Bankers Bond Co., Inc., Louisville, 750.

Offering—To be offered to public, at price to be supplied by amendment.

Proceeds, plus treasury funds to extent necessary, will be used for redemption on Nov. 21, 1941, of company's 8,000 shares outstanding 6% cumulative preferred stock, at redemption price of $106 per share, or to repay funds temporarily borrowed for such purpose.

Registration Statement No. 2-4852. Form A-2. (9-29-41).

SUNDAY, OCT. 19

VICTOR CHEMICAL WORKS

Victor Chemical Works registered with the SEC 54,000 shares of capital stock, $5 par value.

Address—141 W. Jackson Blvd., Chicago, Ill.

Business—Manufacturers phosphorus, high grade phosphoric acid and phosphates for food, pharmaceutical and numerous technical purposes; also, various other chemicals & products, including ferro phosphorous, oxalic acid and formic acid.

Underwriter—F. Eberstadt & Co., Inc., New York, is sole underwriter.

Offering—Shares to be offered to public, at price to be supplied by amendment.

Proceeds to extent of $750,000 to pay in full outstanding serial bank loans; balance for working capital, expansion of manufacturing facilities.

Registration Statement No. 2-4853. Form A-2. (9-30-41).

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.

BLACK HILLS POWER & LIGHT CO.

Black Hill Power & Light Co. registered with SEC $2,115,000 First Mortgage Bonds, Series A, due 1971; 9,400 shares 5% cumulative preferred stock, $100 par; and 100,000 shares common stock, $1 par

Address—Rapid City, S. D.

Business—Incorporated in South Dakota on Aug. 27, 1941, for purpose of continuing business and operations of the Dakota Properties of General Public Utilities, Inc., and the business and operations of the Dakota Power Properties of the Dakota Power Co. Engaged in generation, transmission, distribution and sale of electricity, in 12 communities in western South Dakota, and various unincorporated communities and rural areas.

Offering—The bonds are to be sold to Dillon, Read & Co. at 103¼ and in turn will be resold by latter to Equitable Life Assurance Society of the U. S. at 103¾. The preferred stock and an undetermined number of shares of common stock are to be issued to General Public Utilities, Inc., in part payment for the so-called Dakota Power Properties to be acquired from that company and Dakota Power Co. The remaining shares of common stock, as well as the preferred and common stock to be received by General Public Utilities, Inc., will be offered to the public

Proceeds—To company from sale of the bonds and common stock will be used to pay General Public Utilities, Inc., and Dakota Power Co. the balance of the consideration for the properties to be acquired. Balance of net proceeds will be added to working capital.

Registration Statement No. 2-4832. Form A-2. (9-6-41)

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)

Effective—4:45 P.M., E.S.T. on Sept. 23, 1941 as of 4:45 P.M., E.S.T., Aug. 10, 1941.

GULF POWER COMPANY

Gulf Power Co. registered with SEC $5,600,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate will be supplied by amendment

Address—8-10 N. Palafox St., Pensacola, Fla.

Business — An operating subsidiary of Commonwealth & Southern Corp., engaged in northwestern portion of Florida in purchase and sale of electricity and gas

Offering and Underwriting — The bonds will be sold to public at price to be supplied by amendment. Bonds will be sold under competitive bidding rule of SEC Names of underwriters by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., will be applied as follows: redemption at 103½ of $2,500,000 5% First and Refunding Mortgage bonds, due 1968; redemption of so much of the $3,100,000 of 4% First and Refunding Mortgage bonds as may have been issued to the RFC; and balance to be used for additions and improvements to company's electric utility plant.

Registration Statement No. 2-4833. Form A-2. (9-8-41)

Effective—4:45 P.M., E.S.T., Sept. 22, 1941.

Declaration Effective—The SEC on Sept. 22 permitted to become effective declarations filed by company regarding the proposed financing

Bids—for the sale of the bonds will be received at office of Commonwealth & Southern Corp. (parent), 20 Pine St., N. Y. City, before 11 a.m. E.S.T. Oct. 7, 1941. Coupon rate is to be specified by bidders in multiples of ⅛%, but not exceeding 3½%

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)

INTERNATIONAL PAPER COMPANY

International Paper Co., registered with SEC 1,387,748 23/40 shares of common stock, $15 par value

Address—220 E. 42nd St., New York, N. Y.

Business—After the filing of registration statement, but prior to the time when it becomes effective, International Paper Co. will acquire all of the assets of International Paper & Power Co., including over 99% of the stock of International Paper Co. (New York, formed in 1898) in exchange for stocks, warrants and warrant scrip of company and assumption by company of all liabilities of International Paper & Power Co. After this acquisition of assets, a plan of consolidation of said International Paper Co. into the company will be presented for approval of Board of Directors and stockholders of said International Paper Co. and the company. Company was formed in New York on June 23, 1941. Principal operations of company and subsidiaries are conducted in the U. S., where they are engaged primarily in manufacture and sale of kraft paper and board (bleached and unbleached), groundwood specialty paper, book and bond papers, jute boards, corrugated containers, bags and allied products. Company also has substantial investments in Canadian subsidiaries

Underwriter—No commitment to take the shares registered has been made

Offering—1,347,748 23/40 shares are to be issued upon exercise of outstanding Common Stock Purchase Warrants, entitling each holder thereof to purchase one share common stock at $25 per share, expiring Sept. 26, 1942. Remaining 40,000 shares to be issued upon exercise of outstanding option held by Calvin A. Agar, entitling him to purchase such 40,000 shares at price of $15 per share, expiring Dec. 31, 1945

Proceeds — For general corporate purposes

Registration Statement No. 2-4838. Form A-2. (9-12-41)

MISSISSIPPI POWER COMPANY

Mississippi Power Co. registered with SEC $8,927,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate to be supplied by amendment

Address—2500 14th St., Gulfport, Miss.

Business—A subsidiary of Commonwealth & Southern Corp. this company is engaged within the southeastern portion of Mississippi, in the generation, purchase, distribution and sale of electricity at retail in 135 communities, rural areas, and sale at wholesale of electricity to 6 rural cooperative associations

Offering and Underwriting—The bonds will be offered to the public at a price to be supplied by amendment. The bonds will be sold under the SEC's competitive bidding rule, with underwriters to be supplied by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., parent company, will be used (a) to redeem $6,177,500 of 1st & Ref. Mtge. 5s, 1955, at 103½ and accrued interest, (b) redemption of so much of the $2,750,000 of 1st & Ref. Mtge. 4s of 1951 as may have been issued to the RFC, at 100 and accrued interest, and (c) to construction of additions and improvements to company's electric plant.

Registration Statement No. 2-4834. Form A-2. (9-8-41)

Effective—2:30 P.M., E.S.T., Sept. 23, 1941.

Declaration Effective—The S.E.C. on Sept. 25 permitted to become effective declaration filed by company regarding the proposed financing. Bids for the sale of the bonds will be received up to 11 A.M. on Oct. 14 at office of Commonwealth & Southern Corp., (parent) 20 Pine St., N. Y. City. Coupon rate is to be specified by bidder in multiples of ⅛%, but not exceeding 3½%.

SOUTHEASTERN INDIANA POWER CO.

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc., Chicago, is sole underwriter

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2 (9-6-41)

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)

Effective—Under notice of deficiency 4:45 P.M., E.S.T., Sept. 21, 1941.

New Tax Bill Becomes Law

The record-breaking tax bill, estimated to yield $3,553,400,000, became law on Sept. 20 when President Roosevelt signed the measure at his Hyde Park (N. Y.) home. Congressional action on the bill was completed Sept. 17 but the President delayed affixing his signature until he had had time to study its provisions.

Some provisions of the new tax law become effective at once, while others — including excise taxes—begin Oct. 1. New income levies are payable March 15, 1942 covering the calendar year ending Dec. 31, 1941. One of the most important sections of the new bill is that reducing the present income exemptions from $2,000 to $1,500 for married persons and from $800 to $750 for single persons. It is estimated that this provision will require an additional 4,930,000 persons to file income tax returns, of which number about 2,275,000 will be obliged to pay some amount, estimated in the aggregate at $47,000,000.

The bill continues the normal tax rate at 4% but lowers the level at which surtaxes must be paid to the first dollar of net income; under the old law surtaxes began on net incomes of $4,000. The rate of surtax under the new law is 6% on net incomes up to $2,000, 9% from $2,000 to $4,000, 13% from $4,000 to $6,000, and so forth. Under the old law the surtax on net incomes of $4,000 to $6,000 was only 4%.

The legislation also sharply increases corporation net income taxes, raises existing "nuisance" taxes and imposes new levies on many articles.

Of the total additional revenue provided in the measure, Treasury estimates said $1,144,600,000 would come from individuals, $1,382,100,000 from corporations, $179,900,000 from capital stock, estate and gift taxes, and $846,800,000 from excise and miscellaneous taxes.

Final Congressional action on the legislation was indicated in our issue of Sept. 18, page 209.

Another new revenue measure, expected to be brought before Congress this Fall, will be of minor proportions in comparison with the bill just enacted. This supplemental tax bill, on which Treasury and Congressional experts have already started work, will probably concern a redefinition of taxes on large mutual insurance companies and some change in the present community property system.

OPA Revokes Price Ceiling on Hard Coal

The price schedule on anthracite coal continuing the Aug. 15 prices was revoked by Leon Henderson, head of the Office of Price Administration, on Sept. 17 following a conference with leading Pennsylvania hard-coal producers. At the meeting, it is said, full and comprehensive data supporting the 15-cent a ton price advance, which had been scheduled to go into effect Sept. 15, was submitted. Mr. Henderson's order on Sept. 12 prohibiting the advance was due to failure of the members of the industry to supply information justifying an increase. However, the anthracite producers went ahead with the increase, thus necessitating the conference. Mr. Henderson said on Sept. 17 that the operators had agreed not to take any further action on prices "without prior consultation and approval of the OPA."

Ceiling Prices Fixed For Waste Paper

Maximum prices for all grades of waste paper, effective Oct. 1, in the area east of the Rocky Mountains were established on Sept. 19 by Leon Henderson, Federal Price Administrator. The schedule, which is generally in line with prices prevailing June 16, ranges from $13 for No. 1 mixed paper to $60 for hard white envelope cuttings. These prices, Mr. Henderson said, are the maximum which consuming mills can pay their shippers at point of shipment, and he added that it was expected that prices paid by wholesalers, brokers and dealers would be below these levels.

The schedule does not apply west of the Rockies.

The action was necessary inasmuch as the effect of the voluntary agreements have been "largely nullified by failure of certain members of the trade" to conform to them. Mr. Henderson's order said that the defense effort has placed an increasing burden upon the wastepaper supply since it is a basic raw material in the manufacture of containers for food and manufactured products.

Dutton Retires

Walter Dutton, Secretary of Commodity Exchange, Inc. since its organization in May, 1933, retired from that office on Sept. 30. Mr. Dutton served as Secretary of the Rubber Exchange of New York from its formation in January, 1926, until it merged into Commodity Exchange, Inc. in 1933.

J. P. Morgan & Co. Not Eligible as Trustee For Underwritings of Morgan Stanley & Co.

The Securities and Exchange Commission ruled on Sept. 19 that J. P. Morgan & Co., Inc., is ineligible to serve as indenture trustee for securities underwritten by Morgan Stanley & Co., Inc., because the Commission was "unable to find that applicant trust company is not under common control with such underwriter." The opinion was rendered under the provisions of the Trust Indenture Act of 1939.

Under all the circumstances of this case, the SEC report said, "we are of the opinion that the persons in control of the two corporations have such a community of interest as to preclude a finding by us that the trust company is not "under direct or indirect common control" with the underwriter. The provisions and intent of Section 310 (b) of the Act are such that under existing circumstances, for the purposes of Sections 305 (b) and 307 (c), we are unable to conclude that the applicant trust company is eligible to act as indenture trustee in respect of securities of any obligor for which Morgan Stanley & Co. Incorporated is or may be an underwriter."

We also quote the following from the SEC report:

It would, of course, be improper for us to speculate here as to what these particular individuals would do if the trust company, as indenture trustee, were faced with the dilemma of choosing between (a) action that would seriously embarrass the underwriter in order to safeguard the holders of indenture securities, and (b) action that might perhaps result in detriment to such security holders but which would safeguard the good name and financial interests of the underwriter. It is naturally to be hoped that these individuals, or indeed any one in like position, would make certain that the trust company did its duty as indenture trustee even at the risk of serious injury to the underwriter.

But the Trust Indenture Act does not deal with personalities or leave such speculative matters for our determination. It is directed against the mere existence of a situation in which the self-interest of the trustee or of those who control it is likely to conflict with the interests of the security holders to whom the trustee owes fiduciary responsibilities. To this end the Act renders a person possessing such a conflict ineligible to act as trustee under the indenture.

The existence of a "community of interest" between the two firms, the SEC said was established by the following factors:

(1) The personnel originally selected from the securities end of the Morgan partnership business to manage the underwriter remains in unbroken control of the underwriter. The original selection of personnel, the organization, corporate name, scope and character of business, financing and sponsoring of the underwriter, all were matters of concern to the Morgan partnership, and as to these matters the decisions were made by the partners of that firm generally and not merely by those who constitute the management of the underwriter.

(2) When the underwriter was organized it was decided by the Morgan partnership that the underwriter would engage in the same kind of securities business as that formerly conducted by the partnership. It was the hope of the partnership that the Morgan name in the corporate title of the underwriter would carry into its underwriting business such good-will as already attached to that name.

(3) The underwriter has in fact been successor to the se-

(Continued on Page 400)

Loans By Jones

(Continued from Page 385)

Quite a legend already has grown up around the indefatigable Mr. Jones. One aspect of that legend is the reputedly unerring instinct for soundness in loans extended by him. Mr. Jones makes no such pretensions in his own behalf, but the legend is being fostered sedulously in many ways, including the dissemination of official propaganda from Washington.

There was, for instance, a curious radio broadcast some days ago, in which the task of Mr. Jones was dramatized rather naively. He was pictured as considering the plea of a cattle raiser for a loan, and finally deciding to make the advance because the applicant had buck-teeth and crow's feet around his eyes. Mr. Jones, it appeared, had never lost money on people with such accoutrements. The RFC, in the same broadcast, was pictured as laboring mightily and sympathetically to extend a loan of $36 to a Kentucky mountaineer.

Such pleasantries are harmless, of course, save in the sense that they tend to divert attention from many RFC activities which need a little study. Before the Administration decided to plunk for lend-lease to Russia, as well as other countries, Mr. Jones bowed to the wish of the President and announced that arrangements had been made for buying up to $100,000,000 of minerals from Russia, with $10,000,000 to be advanced immediately to Russia and up to $50,000,000 to be advanced before delivery of the goods.

Whether it is advisable to aid Russia to this extent is plainly a matter of high policy, which Congress ought to decide. In the latest lend-lease proposal, Congress is asked to decide the matter. Before the lend-lease decision was outlined at the White House, however, Mr. Jones already had moved in the direction desired, at the behest of Mr. Roosevelt. The Treasury previously had acted in much the same manner, with gold as the promised collateral for a loan of $10,000,000, which merely complicates the situation additionally.

In mid-September, as it happens, Congress and the taxpaying public were afforded a little insight into the vast and steadily expanding ramifications of the lending activities directed by Mr. Jones. Being "about out of credit," the Federal Loan Administrator applied for legislative authorization to increase the lending power of the RFC by $1,500,000,000. Thoroughly accustomed to the grand manner, Mr. Jones could not readily supply information on the lending power already possessed by the agency. His minions hastily furnished the data, however, and thus it was disclosed that authorized loans and investments from date of organization to the date of report totaled $15,057,000,000, while actual disbursements were $9,075,000,000.

These are breath-taking figures, even in these days of annual tax bills running to $13,000,000,000. It is entirely "other people's money" with which Mr. Jones is acting. Vast as the sums are which flow under his control, attention to small detail is not lacking. Among the measures planned, it seems, is the provision of scholarships to youths from each of the Latin-American countries, so that manufacturing methods of the United States can be studied and carried back home by the students. Many a small American manufacturer will wonder about this method for educating his market out of the demand for his wares.

As for the legend of soundness in loans extended by Mr. Jones, the political nature of the advances serves as an adequate rejoinder. There are huge projects now afoot which are being financed by the RFC, but which are of dubious financial aspect, to say the least. But the words of Mr. Jones, himself, are available on that subject, for in the relatively quiet days just before the European war began, he conceded in a hearing before the Senate Banking Committee that the RFC is "going to have plenty of losses."

What such losses already amount to would appear to be a fit subject for study by Congress, before fresh funds are placed at the disposal of the RFC and before Mr. Jones extends the New Deal reconstructing too far into Russia, South America and other distant points. When the Senators in July, 1939, pressed him for definite information on losses, Mr. Jones lamely remarked: "I am ashamed to tell you what I think it will be. It will be plenty." This bit of background is fit food for current thought.

UP-TOWN AFTER 3

THE STAGE

"The Maltese Falcon" (Warner Bros.) starring Humphrey Bogart, Mary Astor; with Gladys George, Peter Lorre, Sidney Greenstreet and others. Directed by John Husten.

A completely satisfying mystery yarn, chock full of suspense, action and plenty of excitement. It even has a kind of romance but not enough to detract from the main plot or to slow down the action. Based on Dashiell Hammett's book the story involves the search for a mysterious black figure—the Maltese Falcon—supposed to have been a gift from the Crusaders to Charles of Spain. The search results in three murders by a gang headed by as suave a villain (Sidney Greenstreet) as we have seen in many a month. Humphrey Bogart as the tough private detective is hired by Mary Astor who starts the whole thing off. The final result is one of the best spine tingling mystery movies we have seen in a month of Sundays.

"Honky Tonk" (M-G-M) Stars Clark Gable, Lana Turner and features Frank Morgan, Claire Trevor, Marjorie Main and Albert Dekker. Directed by Jack Conway.

Be prepared to hear all the MGM drum thumpers beating out the message that this is the Picture of the Year. Well, it has quite a cast, and it's a long picture. Yet, after all is said and done it's little more than a glorified western. Some scenes are so torrid you'll wonder how they ever managed to pass the Hay's office; others so hackneyed, you know what's coming next. Gable as the self assured cocky he man is a card sharp who becomes tired of being driven out of towns so he decides to own a town and run it himself. Lana Turner, exhuding all the oomph that made her famous is the daughter of the local judge who is a reformed confidence man himself. Of course Gable and Miss Turner meet and after a few preliminary passes get married (though he isn't the "marrying kind"). Naturally the crime-does-not-pay people must be appeased so Gable ends up behind the 8 ball but still has his Lana to keep him company.

RESTAURANT

"Oscar's" (146 E. 56th) a large restaurant on the site of the old Bustonaby's opened its doors only a week or so ago. But despite its infancy its reputation keeps the handsome room filled. Oscar, in case you don't know, is the same Oscar who owns and runs that restaurant on William & Beaver Street, a place well known to Wall Streeters. His new place is lot fancier and goes in for more elaborate dishes but the same hominess, present downtown, exists here too. On our first visit we were accompanied by the army, more specifically a member of the 4th Armored Division who was eager to taste the fleshpots of the Big City. The tank driver, staggering away from the table, pronounced Oscar's as having the best food, the grandest service, and the coziest atmosphere he has experienced in a long time. You might like to know the chefs at Oscar's came from the Swiss Pavilion at the World's Fair and know their job.

NIGHT CLUBS

"La Conga" (209 W. 51st) reopened its doors last week with none other than Georgie Price as the top attraction. George is a contemporary of the Jessels, the Jolsons, the Bakers and the Cantors. But where these have continued in show business Georgie left and went into the Street. As a broker he is known as George E. Price & Co., members of the N. Y. Stock Exchange but away from this what's-Steel-selling-for-business he is a different person entirely. His singing, his showmanship, his ability to keep audiences in the palm of his small hand, is still as good as ever. The first night audience just wouldn't let him leave the floor and New York first nighters can be plenty tough. On the same program is a dance team, Di Gatanos, who are making their local debut. She is one of the loveliest creatures appearing in night clubs today. She is tall and slender and has blonde hair. Her partner, dark haired, makes an excellent foil. Together they make a splendid team. Then there's another dance team, Marquita and Pancho who do Latin dances. The music is by Jack Harris orchestra, a grand combination and Norro Morales' band which plays the conga's and rhumbas.

That sawdust covered 45th Street honky-tonk—Jimmy Dwyer's—has gone fancy. It now places a ten cent cover charge on all table sitters—to keep out the riff-raff. But it's still the same old place for a casual good time. It still has the 4 small pianos pounding away like mad; singing waiters all who hale from vaudeville relieving their past glories and a jammed bar where Navy and Army uniforms rub shoulders with white ties and ladies in long swishy gowns. It's that kind of place. Nothing fancy about it but the fun and here you are encouraged to make it yourself.

J. P. Morgan & Co. Ruled Ineligible

(Continued from page 399)

curities business formerly conducted by the Morgan partnership. Many of the customers of the underwriter were derived directly from the old partnership, and nearly all of the underwriter's customers are also customers of the Morgan trust company, successor to the partnership.

(4) The trust company and the underwriter serve these customers under the common imprimatur of the Morgan name, and the controlling holders and chief executive officers of both the trust company and the underwriter are vitally interested in the good-will enjoyed by both of the Morgan corporations. Moreover, controlling stockholders and senior officers of the trust company, as well as those of the underwriter, are substantially interested in the financial prosperity of the underwriter.

Marketing Allotments On Beet Sugar Lifted

The U. S. Department of Agriculture announced Sept. 22 that 1941 sugar marketing allotments for processors in the continental beet sugar area have been rescinded.

The Secretary of Agriculture on May 9 issued an order, under the provisions of the Sugar Act of 1937, alloting the beet quota to the 25 beet sugar processors in the area. However, the apparent desire of buyers, including housewives, to carry unusually large reserves of sugar led to establishment of a quota on Aug. 29 some 50% higher than that in effect on May 9, the Sugar Division of the Agricultural Adjustment Administration pointed out.

This quota increase made it unnecessary to maintain limitations on processors' marketings and led to the removal of allotments, Sugar Division officials explained. The move, they said, will permit processors to dispose of surplus stocks of sugar, and enter 1942 without an excessive carryover.

THE BOND SELECTOR

McKesson & Robbins 3½% Debentures A Well Protected Issue of a Sound Wholesale Drug Company

McKesson & Robbins 3½% Debentures, due 1956, were offered early in July this year at 104¾ in the total amount of $13,700,000. Currently selling at 103⅜, the the debentures yield 3.22% to maturity, and are considered an attractive investment for those seeking a good quality issue with a medium-term maturity.

Few people, on the morning of December 16, 1938, when F. Donald Coster (Musica) committed suicide in his Bridgeport home, would have been willing to lend credence to the possibility that the firm of which he had been president would, in a very short time, be considered by investors a highly successful and prosperous enterprise. And yet, since operating under a trusteeship for nearly three years, McKesson & Robbins has proved itself one of the country's leading drug and wholesale liquor distributors. Its sales and earnings are extremely satisfactory, its financial tangle has been completely unravelled and it now has an enviable working capital position.

The capitalization of the company prior to the time of the issuance of the debentures under discussion consisted of $15,725,000 of 5½% debentures, $29,785,000 of $3.00 preference stock and 1,263,053 shares of common. The issue of 3½% debentures plus 56,000 shares of new 5¼% preferred stock and treasury cash took care of most of the old claims, including the 5½% debentures which were paid off at par plus interest and interest on unpaid interest. All this was accomplished by the Plan of Reorganization which was confirmed by the Court on May 15, 1941.

McKesson & Robbins, Inc., was organized in 1928 as a combination of a group of well-known wholesale drug companies. Almost all of the businesses thus acquired had been founded prior to 1910 and many of them had been in existence before 1870. The manufacturing unit of the company had been operating a drug business originally founded in 1833, and known as McKesson & Robbins since about 1843. At the present time, the company's wholesale drug business is carried on through sixty-five divisions, located throughout the country in thirty-four states and Hawaii. The company distributes in its wholesale drug business the thousands of products which are usually sold by retail drug stores, including drugs, pharmaceuticals cosmetics, toiletries and drug sundries.

Principal advertised products of its manufacture are Calox Tooth Powder, Albolene Cleansing Cream, and Yodora, a deodorant. The company is also engaged, either directly or through subsidiaries, in certain less important related activities. They include operation of its Heavy Chemical Department; doing a commission and trading business; and operating an Export Department which exports its products mainly to South America at the present time.

After the repeal of the Prohibition Amendment in 1933, the company expanded its facilities for the distribution of alcoholic beverages, having been previously engaged in the distribution of these products for medicinal purposes under governmental permits. At present, the company engages in the wholesale liquor business through outlets in twenty-one states, and has exclusive agencies for distribution of certain well-known brands of wines and liquors. These include Ronrico Rums, Sandeman's Ports and Sherries, and Martin's Scotch Whiskeys.

For the year 1940, net sales of the company, less certain intercompany sales, were $155,406,000. Of this total, 67.9% represented wholesale drug sales, 27.6% liquor sales, and the balance miscellaneous. Net profits between the drug and liquor business showed a fairly close correlation with sales, 68.4% of net earnings derived from drug sales and 24.1% from liquor.

Sales and earnings available for interest on the 3½% debentures, using the maximum annual interest requirements of $479,500, for the last three years have been as follows:

	Net Sales	Total Income	Depreciation & Amortization	Available for Interest	X-Earned
1940	$155,406,000	$6,201,000	$468,000	$5,733,000	11.9
1939	148,292,000	5,404,000	525,000	4,879,000	10.2
1938	146,174,000	3,138,000	539,000	2,598,000	5.4

From sales and earnings known so far this year, it appears that the income available for interest will be considerably greater than in 1940. For the first six months of 1941, income available for interest on the 3½% debentures amounted to $3,515,102, indicating an interest coverage of 13.8 times; this contrasts with $2,571,000 for the first half of 1940, equivalent to 10.7 times.

Financial position of the company is excellent. At June 30, 1941, total current assets of $60,794,000 included $8,023,000 of cash, receivables of $19,793,000 and drug and liquor inventories of $32,515,000. Total current liabilities of $14,055,000 included no bank borrowings, merely the usual accruals. Resulting net working capital of $46,739,000 is equal to $3,411 for every $1,000 of debentures outstanding.

The debenture 3½s, due 1956 are redeemable up to and including June 30, 1944 at 107¾; from that date to June 30, 1947 at 106, and at lower prices thereafter. The bonds carry a sinking fund provision under which the company is obligated to pay to the Trustee semi-annually a sum equal to 2% of the maximum principal amount of debentures at any one time outstanding. In other words, the company must retire $548,000 principal amount of bonds each year with the result that by 1956, the year of maturity, 60% of the debentures will have been retired, leaving only $5,480,000 of the original issue of $13,700,000 outstanding fifteen years hence.

The margin of safety on these debentures is extremely wide considering the nature of the business of the obligor, and consequently they offer an attractive medium for funds seeking employment in fixed obligations of a non-defense industry.

N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Lyman D. Smith to Joseph Walker will be considered on October 9th.

Transfer of the Exchange membership of Bert V. Smith to J. Richard Schwabach will be considered on October 9th.

Reg Halladay, special partner in Halladay & Co., New York City became a general partner effective October 1, 1941; W. Knowlton Hoag and William A. Hoven retired from the firm on September 30th.

Victor S. Byron, general partner in Johnson & Wood, New York, became a limited partner on October 1st.

George W. Jewett withdrew from Jewett, Newman & Co., New York City, on September 30th.

Richard B. Neiley retired from Practor, Cook & Co., New York, as of September 30th.

Herbert N. Rawlins, Jr., retired from Winslow, Douglas & McEvoy, New York, effective September 30th.

Ceballos & Geer, New York City, dissolved on September 30th.

Elliott, Crawford & Co. dissolved partnership on September 30th.

The firm of Stafford & Co. was dissolved as of September 30th.

Erickson Perkins & Co., Rochester, N. Y., retired as a Stock Exchange member firm on September 23rd. However, the firm will continue in business.

It was formerly announced that the interest of Emil Eisemann, deceased, as a limited partner of Alexander Eisemann & Co., ceased on August 2nd. The Estate of Emil Eisemann has become a substituted limited partner, effective as of August 4, 1941.

FHLBB Foreclosures

The Federal Home Loan Bank Board recently reported that the total number of non-farm real estate foreclosures in the United States declined 4% from 5,047 cases in June to 4,834 in July; however, since a reduction of 6% is normally expected at that time of year, the current movement may by comparison be considered as slightly unfavorable. As a result of this less-than-usual decrease in activity, the seasonally adjusted foreclosure index rose 2% in the month of July and now stands at 37.3 as compared with the average month of the 1935-39 period. The Board goes on to report:

Approximately one-half of the individual states in the country displayed June-to-July movements less favorable than those usually experienced at that season of the year. Concentrations of these unfavorable shifts were most apparent in the industrial Northeast as well as in the Southwestern and Rocky Mountain regions. So far this year, however, all but eleven widely scattered states indicated drops in excess of 10% from the same 1940 period, while the average decline for the country at large amounted to nearly twice this figure.