A much more impressive—or plausible, if you prefer—case for life insurance companies buying common stocks was made out at the N. Y. legislative committee hearings last week by two leading figures, gathered from the financial page heard and leads on the story. True the overwhelming majority of those testifying were against the idea. But the bulk of the testimony was probably for it. Moreover, those who took the traditional opposition view used for the most part traditional and simple arguments, the gist of which was given by F. E. Eckert in the opening minutes of his talk: he simply quoted Coolidge's story of the preacher who "talked about it," and was "against it." Eckert said it was a sin, and he was against it. Proponents, on the other hand, seemed to outflank this argument. They pointed out first that the original Armstrong Committee anticommon-stock recommendation appeared to be based largely on pre-1908 speculative abuses like the control of subsidiary companies, essays in risky underwriting, speculative buying for resale to officers, and other tricksy games now banned by stock regulation and custom. They cited successful common stock investment by the Carnegie Foundation, Leland Stanford, other colleges, British life insurance companies, American fire insurance companies, etc. In any event, Dutch and his marks, by a flat statement that he was neither for nor against the

**OUR REPORTER'S REPORT**

Discussion in underwriting circles is a bit more on the encouraging side currently now that there are indications that the major life insurance companies are inclined toward a "live and let live" policy in the matter of bidding for new bond issues.

Although it had been expected, almost up to the last minute, that the would-be insurance bid tendered for the Central Illinois Public Service Company's $3,000,000 issue of 30-year 5% is auctioned on Monday, none appeared. In fact only two bids were made by banking groups.

The absence of insurance company bids may have given ground for reports which subsequently developed holding that one of the "Big Five" had definitely declined to refrain from bidding except in the case of certain minor issues.

However, investment bankers were not inclined to go along too strongly on that theory notwithstanding the recent utterances of the heads of several other members of the group, who have repeatedly warned the "Big Five" insurance group of their current trend, bankers hold to the wellknown adage that "one swallow does not make a summer" and they are willing to withhold any official participation in this deal because of the thin line dividing sound and unsound franking except in the case of certain minor issues.

In any event, the underwriters in the Chicago market are said to have been "alarmed but not panicked".

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Broaden your customer service with Chase correspondent facilities

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**THE FIRST BOSTON CORPORATION**

New York

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Wallack's News "w. i."
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Our latest Bulletin Service No. 30 discusses why
Rail Bonds are still the Most Attractive Investment
Copy on Request

UNLISTED TRADING

Unlisted Trading
Privileges Under Fire
A bill has been introduced by Representative Oliver of Maine in the House of Representatives, which, if passed would put an end to the granting of "unlisted Trading Privileges" to the exchanges in securities that now have good markets on OTC. Both the Produce Exchange Security Markets Committee of the New York Real Estate Securities Exchange opposes products of "Unlisted Trading Privileges" and they have since passed out of existence, probably due to lack of interest by the investing public, as well as to their inferior markets.

The New York Stock Exchange abolished their Unlisted Trading Department in 1966 without a committee appointed by Governor Charles E. Hughes recommended its abolishment.

The bill introduced by the representative from Maine, will undoubtedly be strong backing from all OTC-broker dealers throughout the country.

Nasd Dist. 13 Names
Nominating Committee

Henry G. Ritter, Chairman of the New York State Committee for the State of Dist. 13, has announced, Oct. 25 that Neilv Ford, prominent New York banker, has been appointed by Secretary of State Morgenthau, to serve as State Administrator for New York. Informed of the appointment, Mr. Ford said:

I am sincerely honored. I am grateful to Secretary Morgen-thau for the privilege of working with Chairman Patterson and his distinguished associates in the Treasury Department’s campaign to further the sale of Defense Bonds and I pledge my best efforts. Certainly in investing our Government at this time is not only one of the wisest ways to accumulate a financial backlog against the readjustment period following the war but also it is a definite means of curbing the present tendency toward inflation.

As State Administrator, Mr. Ford will act in New York as the direct representative of the Defense Savings Bank of the Treasury Department at Washington, giving continuous assistance to the board for some of the committees of citizens organized throughout each of New York’s 13 counties.

Mr. Ford is a Vice-President, Director, and member of the Audit Committee of the First Boston Corporation. He has been granted an extended leave of absence by the firm so that he may devote his full time to Defense Savings activities.

Mr. Ford has been active in various committees of the Invest¬ment Bankers’ Association and is a former senior Vice-Chairman, Governor and member of the executive committee of the National Association of Securities Dealers, Inc. He has also served as President of the Bond Club of New York.

SUGGESTS NOMINATIONS
For STANY OFFICERS

The Nominating Committee of the Security Traders Association of New York, Inc., has submitted to STANY the following tentative list of nominations for the year 1962:

President: Stanley R. Roggenbürg, Rook & Co.
First Vice-President: Thomas Hoyt, Stein Bros. & Boyce.
Second Vice-President: Joseph J. Sarrell, Freeman & Co.
Secretary: Honorable Leon, Frank & Co.
Manager, Clokey, H. P., & Miller Co.
Secretary: Richard Goodman, Clokey & Torrey.

Directors for two years: Harry I. Merk, Stein Bros. & Boyce; William J. Simmons, Hall, Rose & Trostler; Richard Aline, Van Tuyl & Kaber.

The annual meeting and election will be held on Dec. 5th at the Produce Exchange Lunchroom Club.

H. W. Miller Retires
From Clokey & Miller

H. Wanzer Miller, a general partner of the firm of Clokey & Miller, 32 Broadway, New York City, will retire. The firm was established in 1922 by Gerald Clokey and Wanzer Miller to deal in bank and insurance stocks and during the succeeding decade while the arms of financial institutions of this nature was enjoying great popularity with investors and speculators throughout the country, the firm stood out as a leading factor.

More recently they have deleted their lending and dealing in several situations; the most recent and perhaps notable being the Thompson Automatic Arms Corporation, "Tommy Gun", now the Auto-Graph Corporation, Inc.

Mr. Miller while retiring as a general partner will continue to have his office with the firm, whose personnel will be: Frank Clokey, senior and managing partner, Otto J. Deits and Edmund Clokey.

Rail Bonds Attractive
Rail bonds are still the most attractive investment according to a bulletin just issued by Strauss Bros., 32 Broadway, New York City. Copies of the bulletin, discussing the situation, may be obtained from Strauss Bros. upon request—for bulletin Service No. 30.

WORTHABLE CHECKING:

TENNESSEE PRODUCTS
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KATZ BROS.
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24 Exchange Pl., N.Y., N.Y. 1-2872

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MAKERS OF THE GUN
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TRADING MARKETS IN REAL ESTATE SECURITIES

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43 EXCHANGE PL., N.Y. 4-5660
22-2300

CARP TRUST ORIG.
Group Number One OIL CO.
Postal Telegraph Comm.
"A"
Underwriters-Group—All Series
Westgate Carrying-Going

JOHN J. O’KANE JR. & CO.
Members New York Stock Exchange
82 Broadway, New York City
(1st Dist.)

ALABAMA MILLS
Birmingham Elec. 6% Pfd.
Birmingham Elec. 7% Pfd.

STEINER, ROUSE & CO.
Members New York Stock Exchange
25 BROAD ST., BURLINGTON, N. J.
New York 1587

STANDARD TRADING

National Air Lines
Triumph Explosives
(1st & 2nd Warrants)
Trading Department

DURVEY & CO.
Members New York Stock Exchange
86 BROADWAY, NEW YORK, N. Y.
Globe 1-1702

Tel. Pitkin 4-6675-6671-6691
Tomorrow's Markets
Walter Whyte Says——

The market still is saying nothing; pays a little more attention to bad than to good news, but the effect of neither kind lasts long; signs to watch for details below.

By WALTER WHITE

The market had two prices of major market news to play with during the past week: reading of the cut in the American Tobacco dividend; the second was the Steel statement.

... So far as the Tobacco dividend concerned everybody who watches the market knows what happened. The stock sold off 10 points so quickly that onlookers must have become a little dizzy. It might be pointed out that the rest of the market got stuffy about the Tobacco action and refused to follow suit; a situation if pleasing to holders of other stocks was poor satisfaction to American Tobacco stock owners. Still it's something for point-ergue in the favor of the farmer):

The Steel figures showing nine months' earnings as the largest since those grand and glorious days of 1929 made a big impression on the Street. Nice, pleasant reading. Anyway that's what it must have meant to those who don't own the stock because aside from it's interest as contemporary financial literature, it's intrinsic value has so far been practically nil.

Tuesday night Big Steel closed at 53%. After the bell the news came out over the broad tape. The next day, ap¬parently as a token of respect to the earnings, the stock opened away up plus 3 1/8 of a point. Yet before the day was over, big dogged and haggled the 53 price finally closing under that figure. So much (Continued on page 412)
NOTICE OF REDEMPTION
West Virginia Pulp and Paper Company
First Mortgage Bonds, 3½% Series due 1954.

Notice is hereby given that pursuant to the provisions of the Act of July 1, 1930, the Board of Directors of West Virginia Pulp and Paper Company in its meeting held at Charleston, W. Va., on November 12, 1941, has determined to redeem at their face value, together with accrued interest to December 1, 1941, a sum not exceeding $250,000 of the First Mortgage Bonds, 3½% Series due 1954, hereby issued.

At a meeting of the Board of Directors held October 27, 1941, a dividend of ten cents per share has been declared on the common stock, payable December 15, 1941, to stockholders of record on the close of business November 10, 1941.

E. E. LEVITT, Secretary.

THE ATLANTIC REFINING CO.

COMMON DIVIDEND

NOTICE OF MEETING

The annual meeting of the stockholders of THE ATLANTIC REFINING COMPANY, a Nevada corporation, will be held at the office of the said company, 20 Exchange Plaza, New York City, on Tuesday, October 27, 1941, at 10 a.m., for the purpose of: (1) Electing a Director; (2) Ratifying the Agreement to Exchange Bonds of the Company for Bonds of the Corporation of the United States, existing at the close of business on December 31, 1940; and (3) Approving the plan of redemption of $50,000,000 Series A 3½% preferred bonds of the company.
ERIE RAILROAD

An analysis of the Company and new securities will be sent upon request.

Joseph Walker & Sons

120 Broadway NEW YORK

Tel. Elec. 2-6600

Wabash Railway Company

Certificates of deposit to be issued by the Reorganization Managers

ALL ISSUES

Bought — Sold — Quoted

PFLUGFELDER, BAMPONT & RUST

29 Broadway New York Stock Exchange

New York Telephone 7-4433

railroad REORGANIZATION SECURITIES

WASHINGTON, D.C.: July 12, 1971

RAILROAD SECURITIES

It is not good policy to speak dogmatically of the probable effects of wage increases on individual railroads practically on the eve, while the modifying influences for at least several weeks. Nevertheless, there are various broad principles that should be considered carefully and which are essential to the proper evaluation of the nature of the raise granted. In the absence of data to the contrary, it is reasonable to assume that the railroads will be able to cover the cost of the raise without any substantial increase of hope of a company or management. Also, the decision to raise prices is uniformly uniform. For one thing, there has been a great deal of speculation as to how the effect on wages will develop this year that past wage increases have been used to the effect in a general way. Without any substantial increase of hope of a company or management. Also, the decision to raise prices is uniformly uniform.

NY Farm Credit School

To Be Held Dec. 5-6

The second Farm Credit School, a non-profit educational project sponsored by the New York State Department of Agriculture cooperation with the New York State College of Agriculture, will be held at the State College, Schorlaken, Dec. 5 and 6. It was announced on Oct. 15, by E. E. Bache, Chairman of the State College's Agricultural Department. The school is designed to promote among commercial bankers a better understanding of the credit needs of New York State farmers.

Combined with the school will be a Training School for Key Bankers which will consist of a seminar on farmer-banker relations on the afternoon of Dec. 6. Key Bankers, who represent the interests of the State in several counties, promote the Committee's program and assist in the planning of various agricultural activities.

The annual report of the New York State Bankers' Association is as follows:

Lectures, panel discussions and round tables on farm finance and insurance will be among the features.

Among the chief speakers will be Dr. W. M. Werts, head of the Department of Agricultural Economics and Farm Management, New York State College of Agriculture; E. W. Thompson, President, Federal Land Bank of Springfield, Mass.; Nicholas Jamsa, Manager, Agricultural Department, National Bank & Trust Co., Norwic; A. G. Brown, Deputy Manager, Agricultural Credit Department, Farm Credit Service; Associated Bankers Association; Burt P. Cleveland, President, First Federal Bank of Cortland; C. E. Land, Dean, New York State College of Agriculture; and Home Economics: Otis A. Thompson, President, National Bank & Trust Co., Norwic; and L. R. Simons, Director of Extension, New York State College of Agriculture.

Defunct RR Bond Index

Real estate in the United States is being threatened by the defunct RR bond index. A Lexis of Pflugfelder, Bampton & Rust, 6 Broadway, New York City, shows the following range of bond yields, 24 5/6, low—14%, last 23%

BIDS MADE ON BONDS WITH

COUPONS MISSING

OR MUTILATED

Inquiries Invited

S. H. JUNGER CO.

40 Exchange Pl., New York

Phone: Dial 4-1433 Telephone 8. A. 1-1179

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Bank and Insurance Stocks

This Week — Insurance Stocks

Should trustees in New York State be permitted to purchase insurance stocks?

Interesting data for the affirmative on this question were pre¬

ered on Oct. 30 at a meeting of the Joint Committee of the New York State Legislature, by Mr. 

He explained why insurance stocks, apart from other common stocks, should be included among the investments of the New York State 

Trustees.

1. Conditions of each insurance company are supervised by the New York State Department of Insurance. One of the primary functions of such regulation is to assure fair rates, to prevent unjustifiable new constructions and buildings that would be against the interest of the policyholders and against the public interest.

2. Every insurance company is required to file annually extremely complete statement of their condition. An exhaustive fund of comprehensive information is available.

3. Insurance companies are among the oldest and most indispensable industries. Of the 85 companies whose stocks are generally available for public investment, 43 were established before 1825 and all have been in business for over 50 years. No senior or junior debt and common stock is so long in the public interest, in the great majority of cases.

4. Insurance is the only industry having high degree of immunity from cyclical influences. The premium income and earnings of insurance companies are much less dependent on general business conditions than are those of most other industries.

For example, the volume of business, the automobile, the automobile, etc., in any given year, is to a great extent influenced by the preceding business years; it is also affected by the real estate, capital goods, etc., that controls premium volume to a great extent. The production in given years may fluctuate widely, the trend of fire and casualty automobile premiums follows the upward trend in total number of cars in use. It is this stability of "sales," a beachhead of insurance income, that makes insurance stocks a very stable investment stock for an insurance company in a given year.

5. Insurance stocks are stable and consistent dividend producers. On Oct. 1, 1885, as 83 companies generally available for investment, 79 stocks had been selling at par or above par; 25 (30%) have been paying dividends in every year for 20 years or longer; and 41 (50%), in every year for the last 20 years.

6. Insurance stocks are less suscep-
tible to speculative market in¬

fluence. Of course, insurance stocks fluctuate in market value—but results with insurance stocks on the whole have been very favor¬
able for bona fide long term investors.

An equal investment of $1,000 in each of the 18 fire insurance stocks in the Standard-Poor's list in 1895 would have ap¬

preciated 31% in 1941 with dividends. At investment prices for securities, in 1923, the 1933 dividends on the stocks on April 1, 1933 would have been 90% of original value; on July 1, 1933, 46% of original value; but on Oct. 1, 1933, would have been 88% of original value. Therefore, except for a very brief period in 1923, the buyer of insurance stocks 20 years ago, even in 1933 would have had 86% of his investment intact in market value.

By 1936, the original investment would have shown appreciation of 115%; and on Oct. 1, 1941, market value would have been 90% of original 1920 investment. Over the 20-year period, in only one year, 1932, was the market value lower.

The experience with income was even more favorable. At the worst year, 1932, the 1933 divided income for the 18 fire stocks was 82% of the 1921 income. In 1921, income was 85% higher than 1921; 1932; 14% higher; and 1940, 35% higher than 1921. Average annual income over the 20-year period was

For the purpose of indicating this was not an exceptional showing a fire and casualty stocks shows that dividends have fluctuated even more than the market. In 1926, in the worst year (1933) were 90% of 1926; generally regarded as a normal year; and in 1946, 88% of 1946. Market value approximately is equal to production.

Thus, if the 1926 investment had been left intact, it would be worth just as much today, and the holder would have collected 40% more in income.

7. The growth factor, if insurance

stocks are held over a period of years, is of the same order of ac¬

cretion. A group of 35 insurance companies for 1933-1940 showed average annual growth of 5% in net worth, after payment of dividends (Casualty companies on same basis were 7%). Dividends were only 80% of 1926 income, all other earnings being retained in the business, thus increasing equity of stockholders and broadening the base of funds available for future business and future income producing securities.

When one looks at another basis, looks at intrinsic value rather than market value, he would be better off today at the top of boom in 1929—

10 of fire and casualty companies are worth more than their net worth than 1929 and 47 have been bought back at 90% or over, or on or after 1929 net worth.

These are cogent and com¬
pelling reasons why fire and casualty companies would be of great assistance to trustees in working out the problem of better terms for life tenancies without sacrific¬
ing the indubitable value of principal.

(A "legal list" per se or statutory safeguards do not relieve a trustee from due care as a prudent in¬

testate, however, and a "bond" is no safe haven). The only real test is the safety of intrinsic value and stability of earning power and financial stability and security involved. On these funda¬

ments, insurance company stocks appear to rank with the most conservative of all those above described.
The BOND SELECTOR

WESTERN UNION BONDS

For Income and Appreciation Possibilities

Recent developments in the Western Union Telegraph Company, one of the country's leading operators of wire services, has resulted in the listing of the company's bonds at the New York Stock Exchange at the present time.

According to the articles of incorporation, the bonds issued are $30,000,000 in amount, with a face value of $1,000, payable in four annual installments, with the first installment due on May 1, 1950, and the final installment due on May 1, 1954.

The company's revenues, derived from the operation of a large network of wire lines throughout the country, are expected to provide ample income for the bondholders as well as a market for the bonds in the future.

In summary, the Western Union bonds offer an attractive investment opportunity for those seeking income and capital appreciation in a well-established company with a long history of successful operations.

Investment Trusts

A steady rise in the yield of common stocks listed on the New York Stock Exchange has taken place during the past three years according to "The Exchange," official publication of the Stock Exchange.

The list of all common stocks on the Stock Exchange yielded 4.8% in 1960, and the yield rose to 5.7% for last year. A still higher figure is indicated for 1961, with the average per cent rate of 6.4%.

This high yield rings attraction to the return on preferred inves tment companies, and to the widespread belief that investment company shares return a considerably higher yield. Usually the return is slightly above the average, but to receive a return slightly below the average is far better than to receive no return at all as is the case with many other investments.

The figures do illustrate that all the companies are returning fair dividends which are far more uniform than any other above average yield that can be found in the field.

Investment Company Reports

American Foreign Investing Corporation

The asset value of American Foreign Investing Corporation's common stock was $38.00 per share, after allowing for the dividend of 10 cents per share paid during the third quarter, which represents an increase of 21.01% over the asset value of $31.19 per share (Continued on page 10).

FUNDAMENTAL INVESTORS, INC.

PROSPECTUS ON REQUEST

HUGH W. LONG and COMPANY

1215 EL CAMINO REAL • SAN DIEGO, CALIFORNIA

Morgan Stanley

390 Madison Avenue • New York, New York

THE COMMERCIAL & FINANCIAL CHRONICLE

Volume 154 Number 4000

807
FLORIDA MUNICIPAL BONDS

Our long experience in handling Flori-
da bonds and the background of familiarity with these
problems enable us to answer any inquiry regarding them at
no obligation.

R. CRUMMER & COMPANY

FLORIDA

The legal effect of legislation enacted
by the Florida legislature this session
would make it seem that the out-
standing municipal bond issues of
all states are quasi-State obliga-
tions and were prompt payment of principal and inte-
rest according to a study prepared by H. J.
Aubrey, State Auditor, William City,
St. Louis, New York.

In recent years data, the
State is responsible for
very large portion of
its counties and special road and bridge
bonds. This does not
include the special bonds
the several thousand small
bonds received and
practically all pertinent tables and statistics.

Kentucky Local Debt

Regulations Defined

A brief outline of the laws and
regulations governing municipal
bond issues in the State of Ken-
trick is presented in the edition of the compilation of quo-
utes of W. L. Wing & Co., of Louisville, recently
issued. In addition to data on the various cities of the State, the brochure includes such
items as lists of the largest bond issues, legal investments, current
municipal bond prices, and comprehensive ratings on the individual bonds. It is
a source of information to those interested in the


Trend Of The Market

The municipal bond market this year
was handled in a manner similar to
the market in other years. A few
security issues were strong, but the market as a whole
was moderate.

As a result of the interests in
the market, a few issues were strong, while others were moderate. The market was moder-
ate in most cases, with a few exceptions.

Municipal Bonds

The market was moderate in most cases, with a few exceptions.

Moderate in most cases, with a few exceptions.

Moderate in most cases, with a few exceptions.
Phila. Municipal Men Enjoyed Gala Dinner

PHILADELPHIA PA. — The Municipal Bond Club of Philadelphia, a newcomer in the field of security dealers, organized an informal dinner at the University Club last night in that city on Thursday, Oct. 2nd.

Dorothy Callahan, Manager Riddle & Co., Walter Lessen, Daphne & Co.

Two Mood" Tended by Dougherty

A. "America" Oct.

University: Municipal organizations' summer, and the boys in the field, stressing 'Aspects of the SEC Regulation of Holding Companies' particularly stresses the functions of the SEC under the Public Utility Act of 1935.

covers, $1.35 per person including hors d'oeuvres should be made through Miss Lenon, office of Shelby Cullom Davis, program chairman, Rowley, Boston B 7-880.

Members may bring guests.

The October 8th Summer Meeting of the New York Society of Security Analysts, Inc., will be held tonight at the University Club at a.dinner at 12:30 p.m. The group will be addressed by George W. Dupree, executive director of the Public Utilities and Exchange Commission, and formerly vice-president in charge of finance of the New England Public Service Co. Mr. Spencer, who is in charge of the analytical work of the Commission with respect to public utilities, will speak on "Aspects of the SEC Regulation of Holding Companies" particularly stressing the functions of the SEC under the Public Utility Act of 1935.

NY Analysts To Meet

To the Stockholders of
The Fajardo Sugar Company of Porto Rico

Annual Report to the Stockholders for 1941

The Fajardo Sugar Company of Porto Rico has made a considerable amount of cane growing into the cell crop this season, an increase over the 1940 crop. This increase is due to the efforts of the company's cane growers and the increased efficiency of the company's mill.
Manufacturers' New Orders Again Decline

In September According To Conference Board

For the second consecutive month now orders received by manufacturers declined in September, according to the Division of Industrial Economics of The Conference Board. Shipments, which are measured in the same way as the preceding month, with a decrease in shipments of nondurable goods offsetting a rise in shipments of new orders, says the Conference Board, the backlog of unfilled orders, relative to the months in the year, was slightly lower than in August. This is the first drop in the unemployment index since August, 1940. Inventories continued to show a gain in September, the latest Index date of Oct. 28, the Conference Board further said.

Manufacturers' new orders declined 7% in September, according to an Index of 231 from a revised Index of 241 for the fourth quarter (1933-1939 equal 100). Inventories of iron and steel products and nonferrous metals increased; machinery, textiles and electrical equipment industries had a slight reduction. Shipments for the month declined from 292 in July and August to 291 in September. Durable goods shipments on the whole were down, although there were declines in iron and steel nonferrous metals and office furniture and fixtures. Nondurable goods as a whole were 5% lower than in August, allowing for seasonal variation, according to the Conference Board's index of manufacturing and textile industries shipments declined sharply.

Inventory Manufactures

Manufacturers increased their inventories for the month, 15,293,000,000 (beans 3% above August. The combined stock of iron and steel products and nonferrous metals increased; machinery, textiles and electrical equipment industries had a slight reduction. Shipments for the month declined from 292 in July and August to 291 in September. Durable goods shipments on the whole were down, although there were declines in iron and steel nonferrous metals and office furniture and fixtures. Nondurable goods as a whole were 5% lower than in August, allowing for seasonal variation, according to the Conference Board's index of manufacturing and textile industries shipments declined sharply.

UP-TOWN AFTER 3

THE SCREEN

"Dumbo" (Wall Disney), distributed by RKO. Currently showing at the Broadway Theatre, N. Y.

J. R. BELL

"The Chocolate Soldier" (M-G-M), starring Nelson Eddy and Rise Stevens with Natrice Bruce, Florence Bates and others. Directed by Del Roy Butler.

THE CROWDS

The crowds standing under the Wilson sign laughing at the antics of the elephants, the bears and the North Wind, all for free. That remains true under all conditions; for you can always get as much as you want for only two bits (spagheti and coffee). Broadway full of soldiers and sailors walking up and down the street. The crowds hanging over the ice-skating rink in Rockefeller Plaza shrinks of laughter when somebody sits down—but hard. The big plate glass windows around the rink (English Cafe on one side and Citi Bank on the other) in which people sit, eat, and watch the skaters. The best soup we have ever tasted is served here. And for dequiaries that don't come any better try Oly Inn, 600 Fifth Ave., left of Grand Central Terminal.

NEW YORK NIGHT LIFE

The crowds standing under the Wilson sign laughing at the antics of the elephants, the bears and the North Wind, all for free. That remains true under all conditions; for you can always get as much as you want for only two bits (spagheti and coffee). Broadway full of soldiers and sailors walking up and down the street. The crowds hanging over the ice-skating rink in Rockefeller Plaza shrinks of laughter when somebody sits down—but hard. The big plate glass windows around the rink (English Cafe on one side and Citi Bank on the other) in which people sit, eat, and watch the skaters. The best soup we have ever tasted is served here. And for dequiaries that don't come any better try Oly Inn, 600 Fifth Ave., left of Grand Central Terminal.
TREASURY OFFERS NOTES TO MEET RFC, CCC LIENS

(Continued from First Page)

Mr. (Continued from First Page)

The Treasury notes now offered in exchange for maturing RFC and CCC liens will mature Nov. 1 and will bear interest from that date, at the rate of 4% annum, payable on a semi-annual basis the 30th of June and Dec. 31. They will mature on March 15, 1946, and will not be subject to call for redemption prior to maturity.

The income derived from the notes shall be subject to all Federal taxes, now or hereafter imposed. The notes shall be subject to estate, inheritance, gift or other excise taxes, whether Federal or State, but shall be exempt from all taxation now or hereafter imposed on the principal interest thereof by any State, or any possession of the United States, or by any local taxing authority.

The notes will be accepted at par during such time and under such rules and regulations as shall be prescribed or approved by the Secretary of the Treasury in payment of income and profits taxes payable at the maturity of the notes.

The notes will be acceptable as secure deposits of public moneys, but will not bear the circulation privilege.

Bearer notes with interest coupons attached will be issued in denominations of $100, $500, $1,000, $5,000, $10,000 and $50,000. The notes will not be issued in registered form.

The notes will be subject to all the general regulations of the Treasury Department, now or hereafter prescribed, governing United States notes.

The Secretary of the Treasury reserves the right to reject any application, in whole or in part, to allot less than the amount of notes applied for, and to close the books as to any or all applications at any time and for any reason. In the event any application is not accepted, the secretary may take in these respects shall be final. Subject to these reservations, all subscriptions will be allotted in full. Allotments will be sent out promptly upon allotment.

IV. Payment

1. Payment at par for notes allotted shall be made on or before Nov. 1, 1941, or on later allotment, and may be made only through application of the principal proceeds of payment of like par amount of Reconstruction Finance Corporation Notes of Series P, maturing Nov. 1, 1941, or of Commodity Credit Corporation Notes of Series E, maturing Nov. 15, 1941. Commodity Credit Corporation Notes of Series E tendered for purchase must have coupons dated Nov. 15, 1941, attached, and payment will be made at par and accrued interest to Nov. 1, 1941. Accrued interest from May 15, 1941, to Nov. 1, 1941, on Series E notes ($4,195,655 per $1,000) will be paid, following acceptance of the note.

V. General Provisions

1. As fiscal agents of the United States, the Export-Import Bank of Washington, Federal Reserve Banks, Federal Land Banks and Federal Home Loan Banks are authorized and requested to provide the notes, and may allotments on the basis and up to the extent of the amounts accepted by the Secretary of the Treasury to the Federal Reserve Banks of the respective districts, to issue allotment notices, to receive payment for notes allotted, to make delivery of notes on full-paid subscriptions allotted, and they may issue interim receipts pending delivery of the definitive notes.

2. The Secretary of the Treasury may at any time, or from time to time, prescribe supplemental or amendatory rules and regulations governing the offering which will be communicated promptly to the Federal Reserve Banks.

Henry Morgenthau, Jr., Secretary of the Treasury.

Correction

In reporting the formation of Schoolkopf & Co., the "Financial Chronicle" in its issue of Oct. 23rd gave the address of the firm's New York office as 1 Wall Street, the office hereafter maintained, as Schoolkopf & Co. The firm will occupy the offices at 138 Broadway in which Hilbert, Condon & Bassett have been located. The new organization, members of the New York Stock Exchange, was formed by Webb, Hilbert and members of the firm of Schoolkopf & Co.

Halsey, Stuart & Co.: Inc.

Glore, Forgan & Co.: A. G. Becker & Co.: Harris, Hall & Company (Incorporated)

Central Illinois Public Service Company

First Mortgage Bonds, Series A, 3 3/4%

Dated October 1, 1941

Due October 1, 1971

Price 107 3/4% and accrued interest

The Proprietors may be obtained in any state in which this announcement is circulated from only such of the undersigned as are registered dealers and are offering these securities in compliance with the securities laws in such state.

Halsey, Stuart & Co., Inc.

Glore, Forgan & Co.: A. G. Becker & Co.: Harris, Hall & Company (Incorporated)

Central Republic Company (Incorporated)

Blair & Co., Inc.

Tucker, Anthony & Co.

October 70, 1941

$38,000,000

Investment Trusts

(Continued from page 97)

The movement of the index was as follows:

Tuesday, Oct. 31
Wednesday, Oct. 30
Thursday, Oct. 29
Friday, Oct. 28
Monday, Oct. 27

207.1
208.6
206.5
207.1
208.6

210.7
209.0
209.1
209.6
209.0

208.6
207.1
207.1
207.6
208.6

209.6
208.6
206.9
207.0
207.6

207.6
207.1
207.6
207.6
207.1

209.6
209.6
209.6
209.6
209.6

210.7
210.7
210.7
210.7
210.7

208.6
208.6
208.6
208.6
208.6

206.9
206.9
206.9
206.9
206.9

207.0
207.0
207.0
207.0
207.0

207.6
207.6
207.6
207.6
207.6

209.6
209.6
209.6
209.6
209.6

207.1
207.1
207.1
207.1
207.1

207.6
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207.6
207.6
207.6

209.6
209.6
209.6
209.6
209.6

207.0
207.0
207.0
207.0
207.0
Established 1856

H. Hentz & Co.

Members
New York Stock Exchange
New York Cotton Exchange
New York Coffee Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New York Mercantile Exchange
And Other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK

BOSTON CHICAGO DETROIT

PITTSBURGH

GENEVA, SWITZERLAND

LAMBORCH & CO.

99 WALL STREET
NEW YORK CITY

SUGAR

Export—Imports—Futures

Diypt 4-1217

Tomorrow's Markets

Walter Whyte

Says—

(Continued from page 802)

For the current news week the news that in the past was sufficient to get this market of ours into a high gear is that high school jitterbug. The same kind of news today makes the market act like it was tragedy and brings on a Chopin funeral dirge.

News of larger nature came from three different sources. John L. Lewis' throwing his weight around; the President's implied declaration of war against Hitler, and the seriousness of the Russian-German conflict. What the effect of the first two will be, I don't know. I know what I would like it to be, but that's something else entirely.

So far as the war is concerned the British Cabinet is still busy explaining to its nationals (and the world at large) why the military enemy version by them is impossible. They quote all sorts of figures to prove it, implying that it is up to us to do something about it. I have read a great many of the ponderous state statements, and I can tell you they are British General Staff. I am at times even tempted to believe them if I weren't constantly reminded of the emptiness of the brass hats that make up that august body. For it is the same collection of fuzzy-dudu-dudens that managed things so badly that it's only claim to victory is the retreat from Dunkirk. Even if I buy that story we find General Montgomery in Tobruk they haven't been able to help for almost a year.

I don't know why I sounded off as I did but having done it I am now to get back to the market.

Since the previous column appeared the market has continued to say nothing. It pays a little more attention to bad news than to good news but seldom does the effect of either kind of news carry over into subsequent days. On October 15th prices broke down to a new low on the move. Two days later, this move was reversed, but Friday, they rallied back about two points. (Incidentally I seldom trust Saturday rallies.) By October 18th prices were once again and a number of stocks broke their October 18th lows. But if (and I believe if) this break through the stock averages (computed on closes) did not. This brings up the possibility that the two low days—October 15th and October 18th and October 23rd—may well represent a bottom for the following reasons: There are two things to watch for to see if this condition is another possibility or is more tangible. The first is that the market continues moving sidewise as it is doing, with more bad dividend news affecting only individual issues that will be one good sign. If certain stocks creep up in the face of such news, that will be another good indication. But in any case the days mentioned above have to hold.

If, on the other hand, prices rally to the April highs of a October 22nd, on little volume the danger of another break will become less.

Summing up: A continuation of present dullness with stocks keeping themselves above recent lows, is building a sharp rally to recent highs on small volume is bearish.

I am trying to be coldly scientific about the whole thing (if trading technique can be scientific) but I fear there was a down I'd rather see a rally, on big volume, small volume, or no volume at all, and take my chances that I've been wrong. For I'd rather the market went up and proved me wrong than to give me down and make me a hero. So much for that.

Meanwhile you are still holding a few stocks and if they are holding they tape you they're still acting well enough to hold. However, too, they have "stops" other one: A dealer coming into New York from Greenwich, who says he is a passenger say to a man who was a passenger. He asks him if he is going to the market: "I have a wonderful weekend," the man says. "I got my wife's kisses—they were wonderful." "When the train got under way the passenger said to the fellow how he could be so happy. 'Why yes,' says the fellow, 'I guess you did,' the passenger continued, "but what a sly fellow I didn't want to hurt his feelings. You see, I actually enjoyed them all.'

Fire insurance companies are being higher of American Tobacco. , B. , Parrish & Co. are picking up Westinghouse Electric stocks. And although Co. thinks coated cottons (oil varnish) will be good, it does not expect to be involved in much of the business.

Our Report's

Report (Continued from First Page)

will be necessary under the new order of events. I knocked against the utility field. I feel that the market developed a sizable run of new issues it would be well to go out of the insurance companies among the others.

Conversely, they hold, there is nothing much to recommend under the circumstances to shape the course of things since it is not incumbent upon the market to force a continuous survey of the situation. Central Illinois Public Service Dealers reported a good and well-diversified demand for the $30,000,000 of Central Illinois Public Service Company 3%-a per cent bonds which came to market yesterday.

Printed at the issue was reported moving out in lively manner from the insurance companies in New England and the Middle West taking down sizable amounts of business. That is there no real clearance among the brokers, notwithstanding difference of opinion with regard to competitive factors, holding heard a feeling that the circumstances surrounding the open issue are not favorable.

Firms which were identified with the commission syndicate, looked set to work in the ranks with the wholesale group to aid in marketing.

Security Act Hearings Begin

The views as yet, do not necessarily at any time coincide with those of the Chronicle. They are presented at those of the author.

B. & O. Notes Look Good

The +45-secured notes, due Aug. 1, 1941, of the Baltimore & Ohio Railroad Co. were a interesting situation according to two members issued by G. A. Scott & Co., 425 Federal St., New York. There are interesting signals pointing to the belief that these notes will not be sold by the memorandum states; these notes still are selling at substantial discounts and previous success seems to have helped to increase their current. The sales and maturities are still selling at substantial discounts and previous successes seem to have helped to increase their current marketing value.

The plan for the protection of Interest Charges and Maturities and tax of RFC loans and possible wage increases.

ERIE RR. INTERESTING

Joseph Walker & Sons, 120 Wall Street, members New York Stock Exchange, and members Erie Railroad Company and the securities to be issued under the terms of the Railroad Bond Act of 1940, which act deals with the effect of the reorganization on bondholders. Copies of the analysis may be secured by Joseph Walker & Sons upon request.

Commissioner is determined to fight to the last ditch against any major sale of this market.

Commissioner Cargyn Purcell made that clear on Tuesday when a meeting was opened, and again yesterday, when a market was quickly objected to a suggestion of the Tax Act. (D. N.), that the Commission be enabled in view of the circumstances to sell these securities at the public market.

The hearings up to last week were quite the same spots with Commissioner Purcell and Representa-
The Securities Salesman's Corner

It is our desire to develop this column into a clearing house for ideas. If you could pass along some things that the other fellow is doing which is helping to meet problems, it would be of some interest to all concerned. In this connection, we are in receipt of occasional complaints or criticisms and any suggestions you might wish to send along.

Salesman Buys Theatre Tickets
And Opens Large Account

This is a true story. It is a story of how a tenacious salesman finally got a break. We don't approve of subterfuge, but since "life is funny sometimes," we shall put this story on record. It is a case of every salesman's dream in his community. He knew several of the leading dealers in most of the smaller retail stores, and this "attitude" toward bond selling was always the subject of conversation. He was always over at the box office rates.

The moral of this story is that "nothing is impossible" with anyone, until you first outline your confidence. Some people have a liking for theatre tickets, some for a story, some for this or that, but they all have a real soft spot somewhere until you find it. Then, when you do, then they open up about their troubles, and you can establish friendship. Then when you have gained the confidence of these people, you then can help them with any new opportunity, and plenty of patience and wrap it all up neatly and you get the real answer—just WORK!

Discontinues Interest
The Pennsylvania Co. for Insurances on Lives and Granting Annuities, Philadelphia, underwriting the Liberty Bond, Nov. 1, all interest will be discontinued.

This announcement says:
We take this action because of the necessity of maintaining investment conditions. It is suggested that many depositors will be enabled, with the proceeds of their savings accounts, to purchase bonds of the States Defense Bonds. The interest on these bonds is greater than is now paid by us on savings accounts. The bonds may be purchased by individuals, firms or estates, but not by banks. We readily offer our facilities to enable you to convert any part of your savings into defense bonds and thus make a personal contribution to the Nation's preparedness effort.

Other than the discontinuance of interest, our savings and loan facilities will be available as heretofore.

Hearing Ordered
CHICAGO ILL.—The investment firm of Haskell, Scott & Jennings, Inc., 120 South La Salle Street, has filed with the Federal Trade Commission before a State hearing on Nov. 3rd the petition which may result in a showing of illegal practices filed by the State of Illinois on Nov. 7th before the regional office of the Federal Trade Commission on similar charges.

The firm is alleged to have conpired with several of the banks involved to have misrepresented its connection to the Secretary of State, to have failed to keep proper accounts, and to have engaged in fraudulent transactions.

The Securities and Exchange Commission will charge at its hearing that the company in effect is a fake Ponzi scheme, that it has borrowed on customers' securities without their consent, and has committed other violations of the securities laws. David H. Jennings, President and Treasurer of the firm, stated that he had not been served with a show cause order and does not know what charges have been made, but that SEC investigators had prepared the company's records for several months.

Black Hills Power and Light Company
$2,000,000 First Mortgage Bonds, Series A, 3%* Due September 1, 1971
8,500 Shares 5% Cumulative Preferred Stock
Per Value $100 per share
100,000 Shares Common Stock
Per Value $1 per share

No public offering of the Bonds is being made. Subject to official terms. The Company has agreed to purchase the Bonds from the Company and to sell the Bonds in an institutional purchase.

Prices:
$100 per share for the Preferred Stock
$150 per share for the Common Stock
plus, as to the Preferred Stock, accrued dividends from September 1, 1940 to the date of delivery.

Dillon, Read & Co.

E. H. Rollins & Sons
A. C. Allyn and Co.

Incorporated
Incorporated

October 29, 1941

Sees Drop In Consumer Credit Financing
Removing Need To Tighten Reserve Regulation

Preliminary statistics showing a drop of at least 25% in consumer credit loans by banks for instalment financing of durable goods indicate that no further contraction in terms for these loans should be ordered by the Federal Reserve Board under Regulation W at this time, it was asserted on Oct. 23 by Walter B. French, Deputy Manager of the American Bankers Association.

In times of national emergency many sacrifices are necessary for the common good, we believe it is important that no regulations be issued that would work an undue hardship on either lender or borrower. instalment lending is now a definite part of our economy and hundreds of thousands of consumers have become accustomed to using some form of consumer credit periodically to supply their needs in goods and services.

Railroad Securities
(Continued from page 866)

This is shown in columns (3). The results do not seem too discouraging. In no case does the net result amount to as much as $2,000 in any instance, and for six of the thirteen companies covered the net cost would be less than $1.00. Of these six, Great Northern and "Nickel Plate," have actually reduced charges more than enough to offset a wage increase of 10%.

H. H. White, M. B. Green, C. W. White

*Based on $2,000 of Indexed value and $100 of 1940 value.

†Based on non-American Bankers Association firms.

†Based on $2,000 of Indexed value and $100 of 1940 value.

†Based on non-American Bankers Association firms.

†Based on non-American Bankers Association firms.

†Based on non-American Bankers Association firms.

†Based on non-American Bankers Association firms.

†Based on non-American Bankers Association firms.

†Based on non-American Bankers Association firms.

†Based on non-American Bankers Association firms.
Calender of New Security Flotations

**OFFERINGS**

**BENEFICIAL INDUSTRIAL LOAN CORP.** Beneficial Industrial Loan Corp., reg. May 9, 1941, at $500,000, will offer 34,653 shares of stock at $15 each.

Dr. R. F. H. Storrow, President; Robert P. Chalifoux, Secretary.

Address—150 Market St, Wilmington, Del.

Business—A holding company, authorized to issue its common stock, preferred stock, and se¬curities, and to engage in banking and insurance business in several states.

Underwriters, and amount of the offering—Underwriters, and amount of the offering.

Registered Stock Exchange—New York.

**OFFERING—The preferred stock will be underwritten by E. W. Clark & Co., Inc., and the business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for payment of certain outstanding bonds, and mat¬

for Issuance—The preferred stock will be registered under Section 3 of the Securities Act of 1933.

Underwriters—The preferred stock will be underwritten by E. W. Clark & Co., Inc., and the business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for payment of certain outstanding bonds, and mat¬

**BLACK HILLS POWER & LIGHT CO.** The Black Hills Power & Light Co., reg. Nov. 2, 1941, at $15,000,000, will offer 7,891 shares of stock at $19 each.

Dr. J. A. Reynolds, President; Walter L. Salmon, Secretary.

Address—120 Broad St., New York 6.

Business—Public service company, operating power and light systems in South Dakota.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**MONDAY, NOV. 3**

**EAYON & HOWARD BALANCED FUND—The preferred stock will be registered under Section 3 of the Securities Act of 1933.

Underwriters—Eayon & Howard, Inc., and the business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**WEDNESDAY, NOV. 12**

**NATIONAL SAVINGS BOND MORTGAGE CO.** The National Savings Bond Mortgage Co., reg. Nov. 10, 1941, at $50,000,000, will offer 3,333 shares of stock at $15 each.

Dr. W. P. M. Walker, President; J. A. Reynolds, Secretary.

Address—30 Exchange Place, New York 5.

Business—Insurance company, underwriting and issuing real estate mortgages for the purpose of providing mortgage loan for the purchase of real estate.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**TUESDAY, OCT. 30**

**CROCKER McELWAIN CO.** The Crock¬

ers McElvain Co., reg. Oct. 25, 1941, at $500,000, will offer 10,000 shares of stock at $50 each.

Dr. A. T. Crockers, President; W. F. McElvain, Secretary.

Address—20 W. Washington St., Chicago 2.

Business—Manufacturing and distributing household articles.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**THURSDAY, OCT. 23**

**CENTRAL ILLINOIS SERVICE CO.** The Central Illinois Service Co., reg. Oct. 22, 1941, at $10,000,000, will offer 100,000 shares of stock at $100 each.

Dr. W. C. Wampler Jr., President; J. H. Bache & Co., Inc., Secretary.

Address—101 N. Broadway, Chicago 4.

Business—Distributing and selling household goods on credit in the Central Illinois area.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**WEDNESDAY, NOV. 5**

**PHILADELPHIA ELECTRIC CO.** The Philadelphia Electric Co., reg. Nov. 3, 1941, at $50,000,000, will offer 10,000 shares of stock at $500 each.

Dr. E. W. Clark & Co., Inc., President; J. C. Bache & Co., Inc., Secretary.

Address—101 N. Broadway, Philadelphia 5.

Business—Manufacturing and distributing household articles.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**SATURDAY, NOV. 8**

**EMERG OTHER CO.** The Emer¬
gent Other Co., reg. Nov. 6, 1941, at $500,000, will offer 1,000 shares of stock at $500 each.

Dr. A. T. Crockers, President; J. A. Reynolds, Secretary.

Address—30 Exchange Place, New York 5.

Business—Manufacturing and distributing household articles.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**DATES OF OFFERING UNDERWRITING**


Proceeds will be used for working capital.

**MONDAY, OCT. 30**

**PERRIN BUTTER RACER CO.** The Per¬

rin Butte Racer Co., reg. Oct. 26, 1941, at $5,000,000, will offer 100,000 shares of stock at $50 each.

Dr. E. W. Clark & Co., Inc., President; J. A. Reynolds, Secretary.

Address—30 Exchange Place, New York 5.

Business—Manufacturing and distributing household articles.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.

**WEDNESDAY, OCT. 8**

**AIR ASSOCIATES, INC.** The Air Asso¬
ciates, Inc., reg. Oct. 6, 1941, at $500,000, will offer 100,000 shares of stock at $5 each.

Dr. C. A. Reynolds, President; J. A. Reynolds, Secretary.

Address—30 Exchange Place, New York 5.

Business—Manufacturing and distributing household articles.

Underwriters—The business will be resold by the latter at prevailing (NYSE) prices.

Proceeds will be used for working capital.
First Boston Issues Handbook on Govts.

The 1941 edition of "Securities of the U. S. Government and its Instrumentalities," a 75-page publication, published by The First Boston Corporation as a reference for individual investors. A number of innovations are presented in the new edition, in part due to reference to portfolio management and currency, as well as the Government's Savings Bonds, while all the main features of earlier editions have been maintained. "Has" been greatly increased from 464 to 708 pages, and various tables reflect operations for the first six months of 1941. One section of the handbook sets forth a chronological record of the U. S. Treasury and guaranteed financing from January 1939 to date. In addition all outstanding securities of the various Federal agencies and agencies are fully discussed, including the particulars of the issues of the six Treasury agencies (including notes to the Treasury), as well as to principal and interest by the Government Security League.

Among the many charts contained in the booklet are graphs which may be found in the balance of outstanding short, medium and long-term securities of the Government; the strength shrinking in the volume of tax and corporate issues; the table giving combined return on all Treasury bond and notes, showing the trend; and the trend and the amount of the interest bearing debt of the Federal government of 1916.

Charts and charts in the new book were derived from information in previous editions deal with points of particular interest such as the complications brought about by the growing scarcity of tax issues, and the effect of new taxes upon income; excess reserves of member banks; and ownership of Government securities, and by tax exemption status.

The handbook may be obtained at the office of The First Boston Corporation, 100 Broadway, New York City, upon request.

Registration Revoked

CHICAGO, ILL. — Edward J. Hanley, Secretary of State of the State of Illinois, has cancelled the registration of John J. Seer Co., 105 South La Salle Street, as dealer and broker in securities, on the grounds that the firm had been found by the State Secretary to have violated the Securities Law.

Write For Analysis

Clark, Kohl & Eyman, 55 Liberty Street, New York City, have pioneered in analysis of the effects on Boston & Maine RR, preferred stocks of the opening of Bull Harbor for shipments to Great Britain. London and Russia (see analysis). Copies may be had from Clark, Kohl & Eyman upon re-

Eagle Lock

Spokane International Deep Rock Oil

HALL & COLES & CO.

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Our Reporter on "Governments"

The bond holdings of New York City's member banks were only up by $81,000,000 in the week ended Oct. 22—the period covering the day the banks paid for the Treasury's new 2½'s... At the same time, the note holdings of these banks were down only $4,000,000. Both these figures came as distinct surprises to Government bond dealers...

Both led to some conclusions which while generally accepted as accurate, may be questioned by certain observant buyers.

The feeling around Wall Street is that the banks in the largest city in the United States, subscribed to comparatively few of the new 2½'s issued in the amount of $1,580,000,000. . . The impression is that the Treasury accomplished what it wished—a widespread distribution of the bonds outside of bank portfolios. . . That may be—but here is another interpretation that seems more logical.

(1) The first reason for the smaller rise in bond holdings of New York banks in that week is that the banks engaged in heavy in-and-out trading in the new 2½'s... Beyond doubt, the issue has been—and will be—well distributed. It's highly unlikely that the largest banks in the nation, who are the most attractive Government bond offering firms. Incidentally, the small rise is bullish generally for the market—a short-pull... It indicates that the market is taking up bonds: that they still have some buying power left; that they're not out on a limb at a dangerous time... As for the small drop in note holdings, the story behind that is that the larger banks are making surprising rollover of maturing but it is also probable that they are buying more than they are selling—Treasury notes...

The New Issue

Now that the RFC and CCQ deals are out of the way, the market should have a chance to breathe until late November or early December... December seems the more logical date for the next major cash borrowing by the Treasury, if so the Treasury cash position holds up that long. Chance is that the checking balance is not in the $2,000,000,000 bracket unless the Treasury is coming in on sales of defense bonds, sales of tax anticipation notes and the recent overdue issues of treasury bills...

It's unlikely that the selling of the terms of an offering due with the tax anticipation are due to favor another long-term flotation. And if that is so, investors may take to the open market in long-term positions in the open market.

The best policy to follow these days is one of strict "staggering of maturities of any issues"—to protect yourself against unanticipated extraordinary expenses of other unexpected demands for funds. . . As prices have fluctuated beyond the short-term and long-term line...

Hold some of the notes, if it can be bought at not more than a 1½ point to 2 point premium above...

The Rights

As predicted here, the "right" values on the guaranteed issues were maintained, and the most recent Government operation. That doesn't mean, of course, that the market will get "out of a deal such as we had in the 2½'s in the near future. This issue simply was too sweet... But elimination of the possibility of the issue may, over a period of time, may see it available... And the odds are that the exchange will now be whipsawed into instead of taken away altogether.

You can work out a sensible, profitable policy of rolling over short maturities from a base.

It may be that we'll get an announcement soon, telling us exactly what the Treasury intends to do about the next major Government period of months... That announcement would be the fair thing to do, incidentally, for under these days are getting to be whipsawed badly... They can't make up their minds what's going to happen... They're buying and selling at an unhappy pace. The 17/32 bid on the news must look pretty daunting to the holders of the RFCs and CCCs that sold out on previous news..."Gloucester" is going to be eliminated...

Well, perhaps an uncertainty is exactly what Morgenthau wanted to come out. At least, it will hold premiums down...

Inside The Market

Excess reserves are down to $4,600,000,000 at August 14, 1939. They'll be down a lot more after the November 1st, hold in reserve requirements becomes effective...

Federal Water Service, Ptd. All Issues

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Fajardo Sugar Reports $1,082,847 Profit

The Fajardo Sugar Co. of Porto Rico, recently released its annual reports for the fiscal year ended 1940, showing for the year after expenses and depreciation, but before income tax, a profit of $710,711 in the preceding year. John B. Bass, president, reports that the total cane ground amounted to 780,742 acres at the factory output was 90,385 tons of sugar. Mr. Bass states that the 1940 campaign was one of the best ever conducted.

B. Symonds To Manage Municipalities For Perry

BOSTON, MASS. — Arthur B. Symonds, vice-president of the Perry Advertising Co., announces that B. Shapleigh Symonds has become associated with the company while George Symonds, vice-president of the company, will become the new president of Chace, Whitelaw & Symonds, Inc. and was an officer of Commodity Distributors, Inc.


NEW HAVEN, CONN.—George Goodspeed is now associated with W. R. Bull & Co., Inc., one of the largest brokerage houses in the country. He was formerly local manager for the firm in the New England and New York district.

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