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Congress Of American Industry Will Ask $2,000,000,000 Cut In Federal Outlays

Immediate curtailment of Federal, State and local non-defense expenditures will be recommended as a major plank for the 1942 platform of the Congress of American Industry, Charles E. Wilson, Chairman of the National Association of Manufacturers' Resolutions Committee, stated on Nov. 26. This position is predicated upon the report of the association's Committee on Government Finance, which will be considered by the industrial convention, which will meet in New York Dec. 1-5. The Finance Committee document calls for a two billion dollar reduction of the Federal budget. The report states:

> Waste in non-defense spending, which must sooner or later be paid for in the form of taxes, can interfere seriously with the ability of the nation to pay for the defense this country requires. There is serious question that we can afford to carry $18,000,000,000 of Federal, State and local non-defense activities in addition to untold billions for national defense.

Livingston Houston, Chairman of the NAM Government Finance Committee, who directed the preparation of the report, compared the $2,000,000,000 saving with new heavy tax levies on the small taxpayer, and said:

> This reduction in unnecessary spending would be felt in every household in the nation. The average middle class and small family would be able to pay their newly imposed income taxes in entirety with savings which would accrue from such a slash in the budget. In real dollars, it would mean almost $60 per year to lower bracket taxpayers.

The association's report on spending and taxation strongly advocates immediate attention to the national financial problem. "The gigantic size of present government finances," it says, "indicates the great threat of national disaster if careless policies of spending, taxation and borrowing are followed."

OUR REPORTER'S REPORT

Cheered by a fairly substantial turnover in the new issue market this week, the New York delegation to the Investment Bankers Association annual convention spent the last day or two clearing desks and getting ready to take off for Hollywood, Florida on Saturday morning.

Aside from offerings of blocks of stocks in the so-called "sundown market," underwriters took care of upward of $50,000,000 of corporate securities, the bulk being accounted for by two good-sized public utility offerings, namely those of the Philadelphia Electric Company and the Pacific Gas & Electric Company.

The convention, which really gets under way on Monday, after formal opening the preceding day, has been termed by Emmet F. Connelly, retiring President, as "the most important in the history of the IBA because of the crucial period in which it falls."

Two topics loom high on the roster of matters to be discussed, namely competitive bidding which has been quite thoroughly aired in recent months, and doubtless more important the part to be taken by the investmentt banking industry in the nation's all-out defense undertaking.

When announcement of the convention was made some weeks ago, it was the hope of officials of the association that the hearings before the House Interstate and Foreign Commerce Committee on amendments to the Securities Acts, would be closed.

But that is one expectation that will not be realized. But since hearings are still open, debate on the proposed changes should be the more interesting at the Florida sessions.

(Continued on Page 1211)

Conference Board Finds Third Quarter Net Of Industrial Companies Slightly Higher

The net income of 113 industrial companies was slightly higher in the third quarter, according to an announcement made on Nov. 25 by the Division of Industrial Economics of The Conference Board. The Board's seasonally adjusted index for 113 companies (1935-1939 equals 100) was 160 for the third quarter, as compared with 157 for the second quarter and 163 for the fourth quarter of 1940, when it was the highest since 1929. The index was 14% lower than its 1929 high, although the Federal Reserve index of industrial production was 40% higher than in 1929. The Conference Board's announcement further says:

> The net income of 385 industrial companies was $478,000,000, equal to 2.5% higher in the September quarter than in the June quarter, and was 38.9% higher than in the September, 1940, quarter. Earnings of producers of durable goods declined from the second quarter to the third, although part of the decrease is attributable to a seasonal decline in the earnings of automobile and parts manufacturers. The producers of non-durable goods earned more in the third quarter than in the second, largely because of improvement in the petroleum, paper, and drug industries. The net income of these 385 companies was 25.7% higher in the first nine months than in the corresponding period of 1940.
>
> The percentage of earnings which leading corporations set aside as reserves for the payment of Federal income taxes was about the same in the third quarter as in the second, although it was much higher than in the third quarter of 1940. For 217 industrial companies income tax accruals amounted to 55.5% of net earnings before Federal taxes, as compared with 56.1% in the second quarter and 39.1% in the third quarter last year. The percentage for the first nine months was 52.9, as compared with 31.6 for the first nine months of 1940.
>
> The net income after Federal taxes of 91 industrial companies was 8.3% of total sales in the first nine months, as compared with 10.1% in the corresponding period last year. Cost of sales and expenses were 81.4% of total sales as compared with 85.1% last year; but Federal income tax accruals amounted to 10.3%, as compared with 4.8% last year.
>
> The total sales of these 91 companies were $1,313,000,000 higher this year than last. Net earnings before Federal taxes were $348,000,000 higher, but tax accruals were $291,000,000 higher so that net income after Federal taxes was only $57,000,000 higher.
>
> The balance sheets of 47 industrial companies for Sept. 30 showed sharp gains in inventories and accounts receivable. In-

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Errol P. Nelson Now With E. H. Rollins

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Errol P. Nelson, formerly vice-president and secretary of Hugh R. Murchison & Co., has become associated with E. H. Rollins & Sons Incorporated, California Bank Building.

Snow With Merrill Lynch

(Special to The Financial Chronicle)

SANTA MONICA, CALIF.—Bertram N. Snow, for the past ten years local manager for E. F. Hutton & Co., has become affiliated with Merrill Lynch, Pierce, Fenner & Beane, Bay Cities Building.

Stein Bros. & Boyce And Barclay, Moore & Co. Will Consolidate At The First Of The Year

The firm of Stein Bros. & Boyce, 6 South Calvert Street, Baltimore, has announced that effective as of Jan. 1, 1942, their organization and the firm of Barclay, Moore & Company, Fidelity-Philadelphia Trust Building, Philadelphia, will be consolidated.

Stein Bros. & Boyce was originally founded in 1853. In addition to the membership in the New York Stock Exchange, the firm is a member of the Baltimore Stock Exchange, associate member of the New York Curb Exchange, member of the Chicago Stock Exchange, the Chicago Board of Trade, and Commodity Exchange, Inc. Branch offices are maintained in New York City, Louisville, Ky., York, Pa., Hagerstown, Md., Cumberland, Md., and Washington, D. C.

The firm of Barclay, Moore & Co. succeeded to the business originally founded in 1900 by its senior partner and has long been active in financial circles in Philadelphia. Memberships include the New York Stock Exchange, the Philadelphia Stock Exchange and associate membership in the New York Curb Exchange.

William K. Barclay, Jr. and James A. Williamson, partners of Barclay, Moore & Co., will become members of the firm. Mr. Barclay will be in charge of the office in Philadelphia and Mr. Williamson will be in charge of the stock department in that office.

William K. Barclay, Sr. and James Clark Moore, Jr. will maintain their offices with the firm in Philadelphia. The remaining members of the present organization will also become associated with the firm.

Both firms have conducted a general investment business and in addition to their brokerage activities incidental to the memberships on the various exchanges, have participated extensively in the underwriting of new issues.

The firm will consist of the following partners: C. Prevost Boyce, Col. Henry C. Evans (at present commanding officer of the 110th Field Artillery), William T. Childs, Milton S. Trost, C. Newton Kidd, Fitzhugh J. Dodson, Robert S. Lansburgh, and William K. Barclay, Jr., and James A. Williamson (formerly of Barclay, Moore & Co.). E. R. Jones of Stein Bros. & Boyce will retire as of the first of the year.

ABA Council To Meet At Hot Springs In April

The annual spring meeting of the Executive Council of the American Bankers Association will be held at The Homestead at Hot Springs, Virginia, April 19-22, 1942, it is announced by Henry W. Koeneke, President of the Association. Mr. Koeneke is President of the Security Bank of Ponca City at Ponca City, Okla.

The Executive Council is the governing body of the Association, consisting of bankers chosen by the Bankers Associations of the 48 States and the District of Columbia.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Nov. 24 that the tenders for $200,000,000, or thereabouts, of 91-day Treasury bills, to be dated Nov. 26 and to mature Feb. 25, 1942, which were offered on Nov. 21, were opened at the Federal Reserve Banks on Nov. 24. The following details of this issue are revealed:

Total applied for...$466,603,000
Total accepted 200,026,000
Range for accepted bids:
High—99.977. Equivalent rate approximately 0.091%.
Low—99.926. Equivalent rate approximately 0.293%.
Average Price—99.932. Equivalent rate approximately 0.267%.
(30% of the amount bid for at the low prices was accepted.)

There was a maturity of a similar issue of bills on Nov. 26 in amount of $100,799,000.

As was noted in our Nov. 20 issue, page 1116, a $50,000,000 increase (or from $150,000,000 to $200,000,000) in the weekly offering of Treasury bills was announced on Nov. 13 by Secretary Morgenthau, who indicated that the Treasury would offer $200,000,000 in the weekly bill issues until further notice.

On Nov. 24 Secretary Morgenthau announced that the Treasury is preparing to seek "new money" in the market early in December. Details will be announced before Dec. 15.

Erie R.R. Interesting

Joseph Walker & Sons, 120 Broadway, New York City, Members New York Stock Exchange, have prepared an analysis of the Erie Railroad Company and its new securities, copies of which may be had upon request.

Shields Appoints Rauch Investment Advisory Mgr.

Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges, in line with their extensive development of securities research work, announce the appointment of C. Herbert Rauch, until recently Vice-President of E. W. Axe & Co., Inc., and one of the founders of that investment counsel organization in 1932, to be manager of the firm's Investment Advisory Department.

Last Call For IBA Convention In Florida; Nationwide Broadcast Of Green's Address

The 30th annual convention of the Investment Bankers Association offers a program of particular interest to the investment bankers in these days of chaotic world conditions.

Devoted to "meeting changing times" the program will offer a searching analysis and discussion of the broad trends affecting the industry and will consider as well the immediate internal problems affecting the business. Politics and economic and social trends will be explored and interpreted by practical experts. This year the convention innovates a forum on "How to Meet the Overhead," suggested by the necessity of finding better and more economical ways of managing an investment banking business; a panel of men well known in the business will steer discussion in this forum but it will be an open discussion and all members are urged to have a representative attend.

The convention will be addressed on Sunday night, Nov. 30th, by William Green, President of the American Federation of Labor, on "Preservation of Free Enterprise—the Common Objective of Labor and Capital." This address will be broadcast by the Mutual Broadcasting System on a nationwide hook-up (WOR in the New York area).

In addition, Hollywood, Fla., offers outstanding recreational facilities so that all attending may mix pleasure with business.

Heinzelmann & Ripley Is Formed In New York

The firm of Heinzelmann & Ripley has been formed with offices at 40 Exchange Place, New York City, to conduct a business in municipal and corporate securities. Partners of the new firm are Paul Heinzelmann and Henry B. H. Ripley, who were previously associated as officers of Heinzelmann, Ripley & Co., Inc. Mr. Heinzelmann has recently been in business as an individual dealer.

Associated with the firm in the municipal department is Frank I. Loomis. Mr. Loomis was previously a partner in Ripley, Loomis & Co., Inc., municipal bond specialists, and more recently was with Burr & Co., Inc., and F. T. Sutton & Co., as Manager of the municipal department.

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Subscriptions in United States and Possessions $26.00 per year, $15.00 for 6 months; in Dominion of Canada, $27.50 per year, $15.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $29.50 per year, $16.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year, $17.50 for 6 months. NOTE: On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Tomorrow's Markets Walter Whyte Says—

The market persists in making a noise like a warmed-over affair; just seems to be dawdling along; but common stocks still seem to be as good an inflation hedge as anything; but remember the stops; more below.

By WALTER WHYTE

The market persists in making a noise like a warmed over affair. It never quite manages to live up to past promises and by the same token refuses to end it all. It just dawdles along getting nowhere in particular.

* * *

For months past we have heard and read reams of stuff about the dangers of imminent inflation. I have looked up the histories of past inflations until all the exiting horrors that attended them are coming out of my ears. In post-war Germany it was the guy with gold dollars, or pounds sterling, who got all the gravy. In post-war France one could buy a barrel of francs for a buck then go out and buy up the town.

* * *

The same thing was true of at least some common stocks, particularly common stock of companies which had enough fat stored away to live on, controlled their own sources of raw material and fixed the prices of their finished products. And if such companies had large bonded debts so much the better. For they could call them in, pay them off with peanuts and the stockholders — the owners — could split nice juicy melons. Of course all this is theoretical because actually few companies managed to come through the wringer unscathed. For the stockholder the problem was still a greater one. If he managed to get out in time, then infla-

(Continued on Page 1212)

Final Suggestions For NYSE Nominating Com.

The 1941 Nominating Committee of the New York Stock Exchange received at its second and final open meeting ten additional suggestions for nominees for the 1942 Nominating Committee. A total of sixty-seven names have been submitted at the two meetings, which excludes names of two members who have asked that their names be withdrawn. The following names were suggested:

For Three Members of the Exchange: John H. Brooks, Jr., J. H. Brooks & Co.; W. Wilson Holden, Corlies & Booker; George H. Hogle, J. A. Hogle & Co., (Salt Lake City); Frank R. Schumann, Winthrop, Mitchell & Co.; and Norman S. Walker, Wood, Walker & Co. The names of Abner Bregman and Homer A. Vilas of Cyrus J. Lawrence & Sons have been withdrawn at their request.

For Two Allied Members of the Exchange: James F. Burns, Jr., Harris, Upham & Co.; George Douglass Debevoise, Struthers & Dean; J. Taylor Foster, Spencer Trask & Co.; Penn Harvey, W. E. Burnet & Co.; and Robert Haydock, Tucker, Anthony & Co.

A panel of five nominees for the 1942 Nominating Committee will be announced by the retiring Nominating Committee on Dec. 15 and will be voted upon by the membership on Jan. 12.

The 1942 Nominating Committee will propose a slate for the offices of the Exchange, and a successor Nominating Committee, to be voted upon at the general election on May 11.

Write For Circular

Allen & Co., 30 Broad Street, New York City, have prepared an interesting analysis of E. R. Squibb & Sons common stock, copies of which may be obtained from them upon request.

"JOTTINGS"

The Treasury seems inconsistent in that:

(1) It doesn't want "forced savings" but it does want higher payroll taxes.

(2) It is tough enough to want a 15% withholding tax but gentle enough to go slow on its defense-bond sales program.

(3) It doesn't want inflation, but clings to financing via the commercial banks and so far passes up such opportunities as, for instance, sales to life insurance companies, which the TNEC once damned (before defense made thrift respectable again) as the country's leading institutional gatherers of savings.

(4) It forces some corporations to do its borrowing indirectly, by not paying them for defense construction until it is finished. Next year others will have to borrow from the banks to pay taxes, which will have the same "inflationary" effect.

Other life insurance companies will probably follow Metropolitan's move in raising premiums. First, probably, Prudential and Mutual. It's a good advance move against the day when the Treasury decides to sell special issues to "mop up" the insurance companies' growing influx of investment funds. The companies will then be in a better position to ask a coupon high enough to cover their earnings guarantees.

If the mutuals have to raise their policy rates, think what must be the position of the stock life companies, which have not been able in recent years first to lower their dividends.

There's business enough for all, at the moment. But behind the pretty picture of fire and casualty business lurk (a) rising industrial accidents; (b) increased losses in use and occupancy, due to priorities, etc.; (c) and government pressure for cut rates or Congressional pressure for government self-insurance on its rising proportion of the country's inventory and plant.

At the moment, exporters and importers seem to be the hardest hit by the growth of government operations. Exports go by lease-lend, imports come by RFC subsidiary, and export-import firms are feeling the same kind of pressure felt by investment bankers (through government financing) and commodity markets (through government operations in "ever-normal granary," stockpiling, price-stabilizing, and cutting of trading limits).

Incidentaly, both our exports and imports are now up about 50% since the war started. But our export surplus hasn't increased as fast —yet—as it did during World War I, because at that time our exports doubled while our imports didn't increase so fast. But give us time, what with lend-lease and stockpiling.

This has been a pretty good month for Britain's import problem. Her shipping losses are down to round 250,000 tons a month, and the second chapter of lease-lend is extending to her the means of financing purchases not only here but in South America. When the end of her credits in this country was in sight she got lease-lend here. Now that her quick credits in South America are running out, we'll finance her meat and other purchases there as well. Sugar, too, from Cuba, probably. British sugar and fat rations were upped 50% this month.

That might help explain the strength in London stock prices. But a more likely explanation is simply the pressure of uninvested funds, which drove Berlin stock prices up from an index figure of 175 in March to 223 in September and drove the Paris bourse up sharply in 1940 after the Battle of France. In an economic totalitarian system (and Britain has become one since Dunkirk) there is very little to put your money into except government bonds or corporate equities. Retail sales in Britain, for instance, are shrinking. And the supply of corporate

(Continued on Page 1205)

Carter Representing McManus On Coast

Joseph McManus & Co., 39 Broadway, New York City, members of the New York Curb Exchange and Chicago Stock Exchange, announce that Rufus Lee Carter has become associated with their firm as West Coast representative. Mr. Carter will have offices in the Van Nuys Building, Los Angeles, Calif. He was formerly Los Angeles representative for Keystone Custodian Funds and prior thereto was Pacific Coast Wholesale Representative for the Broad Street Sales Corporation.

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DIVIDEND NOTICES

acf

AMERICAN CAR AND FOUNDRY COMPANY
30 CHURCH STREET
NEW YORK, N. Y.

There has been declared, out of the earnings of the fiscal year now current, a dividend of one and three-quarters per cent (1¾%) on the preferred capital stock of this Company, payable December 31, 1941 to the holders of record of said stock at the close of business December 19, 1941.

Transfer books will not be closed. Checks will be mailed by Guaranty Trust Company of New York.

CHARLES J. HARDY, *President*
HOWARD C. WICK, *Secretary*
November 21, 1941

Allied Chemical & Dye Corporation
61 Broadway, New York

November 25, 1941

Allied Chemical & Dye Corporation has declared quarterly dividend No. 83 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable December 20, 1941, to common stockholders of record at the close of business December 5, 1941.

W. C. KING, *Secretary*

THE ATLANTIC REFINING CO.

PREFERRED DIVIDEND — NUMBER 23

At a meeting of the Board of Directors held November 24, 1941, a dividend of one dollar ($1) per share was declared on the Cumulative Preferred Stock Convertible 4% Series A, of the Company, payable February 2, 1942, to stockholders of record at the close of business January 5, 1942. Checks will be mailed.

W. M. O'CONNOR
November 24, 1941 Secretary

Borden's

COMMON DIVIDEND
No. 127

The final dividend for the year 1941 of fifty cents (50¢) per share has been declared on the outstanding common stock of this Company, payable December 20, 1941, to stockholders of record at the close of business December 8, 1941. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY
Dividend No. 38

A dividend of twenty-five cents ($0.25) per share will be paid on December 13, 1941, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business November 29, 1941. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. Nicholas, Secretary.
Boston, Nov. 19, 1941.

DU PONT — E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *November 17, 1941*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable January 24, 1942, to stockholders of record at the close of business on January 9, 1942; also $1.75 a share, as the "year-end" dividend for 1941, on the outstanding Common Stock, payable December 13, 1941, to stockholders of record at the close of business on November 24, 1941.

W. F. RASKOB, *Secretary*

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of ONE DOLLAR and FIFTY CENTS a share has been declared on the capital stock of this Company, payable December 15, 1941, to stockholders of record at the close of business on December 1, 1941. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, Secretary.

DIVIDEND NOTICES

Electric Power & Light Corporation
Dividends on
$6 Preferred Stock & $7 Preferred Stock

At a meeting of the Board of Directors of Electric Power & Light Corporation held on November 25, 1941, a dividend of 30 Cents per share was declared on the $6 Preferred Stock and 35 Cents per share on the $7 Preferred Stock of the Corporation for payment January 2, 1942, to stockholders of record at the close of business December 6, 1941.

E. H. DIXON, Treasurer.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a final dividend for the year 1941 of One Dollar ($1.00) per share on the Common Stock, payable December 23, 1941, to Stockholders of record at the close of business on December 3, 1941. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, November 21, 1941.

HOLLANDER DYED FURS

A. HOLLANDER & SON, INC.
Common Dividend

A dividend of 50c per share on the Common Stock has been declared, payable December 15, 1941, to stockholders of record at the close of business on December 5, 1941.
Checks will be mailed.

ALBERT J. FELDMAN, Sec.
Newark, N. J.
November 24, 1941.

KANSAS CITY POWER & LIGHT COMPANY
First Preferred, Series B. Dividend No. 60
Kansas City, Missouri. November 19, 1941.

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B," Stock of the Kansas City Power & Light Company has been declared payable January 1, 1942, to stockholders of record at the close of business December 15, 1941.

All persons holding stock of the company are requested to transfer on or before December 15, 1941, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

OFFICE OF LOUISVILLE GAS AND ELECTRIC COMPANY
CHICAGO, ILLINOIS

The Board of Directors of Louisville Gas and Electric Company (Delaware), at a meeting held November 18, 1941, declared a quarterly dividend of thirty-seven and one-half cents (37½c.) per share on the Class A Common Stock of the Company, for the quarter ending November 30, 1941, payable by check December 23, 1941, to stockholders of record as of the close of business November 29, 1941.

At the same meeting a dividend of twenty-five cents (25c.) per share was declared on the Class B Common Stock of the Company, for the quarter ending November 30, 1941, payable by check January 27, 1942, to stockholders of record as of the close of business November 29, 1941.

G. W. Knourek, Treasurer.

NATIONAL DAIRY PRODUCTS CORPORATION

A dividend of 20¢ per share on the Common stock has been declared, payable December 15, 1941, to holders of record December 1, 1941.

GEORGE H. RUTHERFORD
November 19, 1941 *Treasurer*

UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable January 1, 1942, to stockholders of record at the close of business December 5, 1941.

ROBERT W. WHITE, Vice-Pres. & Treas.

DIVIDEND ON COMMON STOCK

The directors of Philco Corporation have declared a dividend of twenty-five cents ($.25) per share, payable on Dec. 12th, 1941, to stockholders of record on Nov. 28th, 1941. This is the fourth dividend of twenty-five cents ($.25) declared this year.

PHILCO CORPORATION

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AUTO RADIOS • TUBES • REFRIGERATORS
AIR CONDITIONERS • BATTERIES

VANADIUM CORPORATION OF AMERICA
420 Lexington Avenue, New York, N. Y.

November 18, 1941.

At a meeting of the Board of Directors held today a dividend of seventy-five cents per share was declared payable December 15, 1941, to stockholders of record at 3:00 o'clock P. M., December 1, 1941. Checks will be mailed.

P. J. GIBBONS, Secretary.

UTILITY PREFERREDS

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PERSONNEL ITEMS

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

(Special to The Financial Chronicle)
BOSTON, MASS. — **Earl William Lane** and **Raymond C. Shaw** have joined the staff of **Trust Funds, Inc.**, 89 Broad Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Lee Miller Jones** has become associated with **Dempsey-Detmer & Co.**, 135 South La Salle Street. Mr. Jones was previously with Sills, Troxell & Minton, Inc., and Case, Bosch & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **J. Parnell Egan**, for many years with Merrill Lynch, Pierce, Fenner & Beane and E. A. Pierce & Co., has become associated with **Hemphill, Noyes & Co.**, 231 South La Salle Street.

(Special to The Financial Chronicle)
CINCINNATI, OHIO—**Thomas A. Regensburg** has become affiliated with **John E. Joseph & Co.**, 18 East Fourth Street. Mr. Regensburg was formerly with W. E. Hutton & Co., Granberry & Co., and Greene & Brock.

(Special to The Financial Chronicle)
COLUMBUS, OHIO—**Lawrence Henry Stember** is now with **Orvis Bros. & Co.**, 16 East Broad Street. Mr. Stember was previously with Granberry & Co. and Vercoe & Co.

(Special to The Financial Chronicle)
DAYTONA BEACH, FLA.—**William Lee Hensley** has become connected with **T. Nelson O'Rourke**, 356 South Beach Street.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Norman J. Frost** is now connected with **C. G. McDonald & Co.**, Buhl Building.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **H. Gordon Bleckner** has joined the staff of **Bingham-Walter & Co.**, 621 South Spring Street. Mr. Bleckner was formerly with Morton Seidel & Co., Norman B. Courteney & Co., and Edgerton, Riley & Walter.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Christopher H. Clarke** and **Harold Hinman Gunnell** have become associated with **Franklin Wulff & Co., Inc.**, 650 South Spring Street. Both were formerly with Bankamerica Company and in the past Mr. Clarke was with Laswell & Co.

(Special to The Financial Chronicle)
MANCHESTER, N. H. — **Leon Joseph Biscornet** is representing **R. H. Johnson & Co.**, 31 State Street, Boston, Mass.

(Special to The Financial Chronicle)
MANSFIELD, OHIO—**Richard E. Riley** has been added to the staff of **Livingston, Williams & Co., Inc.**, whose main office is in the Hanna Building, Cleveland, Ohio.

(Special to The Financial Chronicle)
MIAMI, FLA.—**Clifford Walter Snyder** has joined the staff of **Guaranty Underwriters, Inc.**, 310 West Adams Street.

(Special to The Financial Chronicle)
MIAMI, FLA.—**William Kenneth Hartung** is now with **United Securities Corporation**, Biscayne Building.

(Special to The Financial Chronicle)
PASADENA, CALIF.—**Russell A. Burke** and **Thomas Albert Ogden** have become associated with **Franklin Wulff & Co., Inc.**, 234 East Colorado Street. Both were formerly with Bankamerica Company, for which Mr. Ogden

(Continued on Page 1209)

J. I. Case Company
Incorporated

Racine, Wis., November 18, 1941.

A dividend of $1.75 per share upon the outstanding Preferred Stock of this Company has been declared payable January 1st, 1942, and a dividend of $7.00 per share upon the outstanding Common Stock of this Company has been declared payable December 24, 1941, to holders of record at the close of business December 12, 1941.

THEO. JOHNSON, Secretary.

JM Johns-Manville Corporation
DIVIDEND

The Board of Directors declared a regular quarterly dividend of $1.75 per share on the Cumulative 7% Preferred Stock, payable January 1, 1942, to holders of record on December 17, 1941, and a dividend of 75c per share on the Common Stock, payable December 24, 1941 to holders of record on December 10, 1941.

J. L. PICHETTO, *Assistant Treasurer*

JOHN MORRELL & CO.

Morrell Pride meats

DIVIDEND NO. 49

An extra dividend of Seventy-five Cents ($0.75) per share on the capital stock of John Morrell & Co., will be paid December 19, 1941, to stockholders of record December 2, 1941 as shown on the books of the Company.

Ottumwa, Iowa. Geo. A. Morrell, Treas.

THE UNITED STATES LEATHER CO.

A dividend of $1.75 per share on its Prior Preference stock to apply on account of dividends in arrears on this date has been declared by the Board of Directors of this Company, payable January 2, 1942, to stockholders of record December 10, 1941.

C. CAMERON, Treasurer.
New York, November 26, 1941.

The Yale & Towne Mfg. Co.

On November 26, 1941, a special dividend No. 204 of forty cents (40c) per share was declared by the Board of Directors out of past earnings, payable December 19, 1941, to stockholders of record at the close of business December 8, 1941.

F. DUNNING, Secretary.

The Yale & Towne Mfg. Co.

On November 26, 1941, a dividend No. 205 of fifteen cents (15c) per share was declared by the Board of Directors out of past earnings, payable January 2, 1942, to stockholders of record at the close of business December 8, 1941.

F. DUNNING, Secretary.

CANCO AMERICAN CAN COMPANY
PREFERRED STOCK

On November 25th, 1941 a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable January 2nd, 1942, to Stockholders of record at the close of business December 18th, 1941. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

AERCO CORPORATION
$1 Par Common Stock

BOUGHT — SOLD — QUOTED

Information furnished upon request

BARBOUR, SMITH & COMPANY
Members Los Angeles Stock Exchange
TELETYPE LA 500—LA 501 210 W. 7th St., Los Angeles TELEPHONE VAndike 2377

BIRMINGHAM

MARX & CO.
BIRMINGHAM, ALABAMA

SOUTHERN MUNICIPALS
and
CORPORATION BONDS

DALLAS

Bought — Sold — Quoted

Dr. Pepper
Republic Insurance
New Mexico Gas Co. Com. & Pfd.
Great Southern Life Ins. Co.
Southwestern Life Ins. Co.
Dallas Ry. & Ter. 6% 1951
All Texas Utility Preferred Stocks

Check us on Southwestern Securities

RAUSCHER, PIERCE & CO.
DALLAS, TEXAS
Ft. Worth-Houston-San Antonio

DETROIT

LISTED AND UNLISTED SECURITIES

Charles A. Parcells & Co.
Members of Detroit Stock Exchange
PENOBSCOT BUILDING
DETROIT, MICH.

WATLING, LERCHEN & CO.

Members
New York Stock Exchange
New York Curb Associate
Detroit Stock Exchange
Chicago Stock Exchange

Ford Building
DETROIT

Telephone: Randolph 5530

JOTTINGS

(Continued from Page 1203)

equities was shrunk when American issues were shipped over here for sale or hypothecation before lease-lend.

And then, there's the capital gains tax here. Since it reduces rather than increases revenues it must be considered a social reform measure such as does not seem to interest the British very much. It produces more selling than buying — particularly now, when people seem to feel that the liberalization of a few years ago will be canceled next year.

Don't forget the TFR-300 deadline Saturday, if you are an exporter, importer, or insurance company.

Among other things this colossal census appears likely to turn up considerable Axis-owned raw materials, equipment, etc., which might eke out defense. During World War I German firms had months of freedom after we were already in the war, to hold out essentials.

Some people don't yet realize that TFR-300 applies not only to frozen or Axis funds but to the properties, accounts, or other beneficial interests of Canadians, British, South Americans, Russians, Chinese—i.e. to all foreigners, friendly or otherwise. Theoretically at least if you owe an English friend $5.00 you are supposed to tell Mr. Morgenthau about it.

(Speaking of the Treasury again, the back-office boys down there in the planning and budget department have made this 1941 book sensation, "The Managerial Revolution," their Bible. They say it means *them* (the "new ruling and exploiting class" to replace the capitalists). If you haven't read it, by all means do. Very interesting—and depressing.)

This seems to be the day of censuses. There's TFR-300. All the country's motor trucks are being compiled. OPM is making a census of all the metal inventories. Floyd Odlum is going to card catalog all the little businesses. And so on, these are only beginnings. "Economic planning," which the inept New Dealers described so brilliantly and bungled so badly, is now really coming in for the duration, and special censuses are essential to it.

Something will have to bust in the oil industry in a few months. Demand is above supply, and crude inventories are being pulled down, but Washington people are beginning to talk about stockpiling of crude. That adds up to increased crude production, which will soon have to mean new fields. But that means higher crude prices. Also higher priorities for drilling equipment. And new refineries. The refinery bottleneck there has led the British to start up some of their refineries; they had been importing products in clean tankers. Now they'll take crude in place of some of those products.

John Lewis doesn't seem to have done so well at the CIO convention after all. Murray is the man who gets the ovation. . . . Incidentally, if private armies and strong arm squads appear in this country as in Germany and Russia, it looks as though they would consist of labor's goon squads and over-size picket lines rather than of silver-shirts and such. At least if Lewis gets his closed shop. . . .

Anent the oft-repeated reference to this country as having "majority rule," contrast the majority opposed to Lewis and his strike; the popular allergy to utility public ownership evidenced this month in San Francisco and Louisville; and the majority skepticism among investors as to the benefit of SEC protection. But the current "Atlantic" has a piece pointing out that British opinion polls showed a majority for Chamberlain till he was out, quickly changing to a majority for Churchill once he was in. Sheep?

Bank Stock Offering

R. S. Dickson & Co., Inc., of Charlotte, N. C., offered on Nov. 22 a block of 28,154 shares of $10 par value common capital stock of South Carolina National Bank, Charleston, S. C., at $25 per share. The offering does not represent new financing for the bank, and the bank will not receive any proceeds from the sale thereof. The offering includes 26,742 shares to be sold by Socarnat Bank Corporation, subject to certain subscription rights granted existing stockholders, officers and employees, and also includes 1,412 shares presently owned by the underwriters.

N. Y. Stock Exchange Weekly Firm Changes

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

Charles J. Bellamy withdrew from partnership in Tifft Brothers, Springfield, Mass., on Nov. 17th.

C. Adrian Rubel, special partner in F. L. Dabney & Co., Boston, Mass., retired from the firm as of Nov. 15th.

Satterfield & Lohrke, New York City, dissolved as of Nov. 15th.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—34 5/6, low—14¾, last—33⅜.

RAILROAD SECURITIES

Despite the continued uncertainty as to the outcome of the wage controversy, railroad securities have been getting renewed support from the highly favorable trend of car loadings. Just as traffic in the early fall was falling short of normal seasonal expectations, it is now going consistently against the usual trend. Now, however, the divergence is on the up side; volume is not falling off as it generally does once the October peak is passed. Standard & Poor's index of freight loadings reached a recent low of 74.1 in the week ended Oct. 11 after declining from a peak of 84.1 established late in July. The index has advanced in every week since Oct. 11 and for the week ended Nov. 15 reached 86.4 the highest level attained since their present system of indexes was originated.

The traffic performance in recent weeks bears out the earlier hopes of many railroad students that the pressure of rearmament program would be a more constant factor and tend to iron out usual seasonal curves. At the same time, the recent trend would seem to assure a continuation of wide year-to-year earnings gains throughout the balance of this year and the first quarter of 1942. In some quarters it had been held that earnings, on a 12 months' basis, had reached their peak and that railroad securities from here on would not have the potential market stimulus of expanding net.

It had been held that the high level of business last winter precluded the possibility of any betterment in the final months of this year, and that year-to-year car loading gains were therefore bound to narrow sharply or disappear entirely. On the contrary, the pace of year-to-year improvement has been accelerated, bringing with it a necessary reappraisal of earnings estimates.

Aside from the trend of traffic as a whole, the type of traffic making the largest contribution to the improvement, and the consistently greater efficiency in loading, are important factors in earnings results. Miscellaneous freight has made by far the best showing and this classification includes many of the highest tariff items. As a result, the rise in revenues has been even more pronounced than actual volume of business. Car loadings in August were approximately 20% above 1940 but revenues increased almost 30%, in September the car loading gain narrowed to about 13% but revenues were up 27.8%. While full figures for October are not yet available, it is notable that early reports show gross more than 25% above October, 1940, although car loadings were up less than 12%. The traffic gain widened to more than 15% in the first two weeks of November and the acceleration in gross results was apparently continued. The interruption from the coal strike and consequent curtailment of steel mill operations will be of short duration and more or less local in application.

Net results of the carriers have begun to show the usual year-end distortions due to adjustments of taxes, etc., which also makes necessary a revamping of individual estimates.

Of the early roads to report October results, the reorganizing Erie is apparently the only one that has taken account of the recommended wage increases. Erie charged roundly $800,000 to October operations reflecting the estimated increase from Sept. 1, the date set by the Fact Finding Board. There was, naturally, a partially compensating tax credit. "Nickel Plate" also took a substantial tax credit, presumably reflecting the loss on sale of Wheeling & Lake Erie prior lien stock and the premium on redemption of its own 4s, 1946. It was stated that similar credits would be taken in November and December. The credit amounted to $525,000 and if carried through in the last two months will aggregate more than 22% of annual charges.

Similarly, Chesapeake & Ohio took a tax credit of $1,375,700 in October, and will do the same in November and December as a result of losses established by sale of Erie and Chicago & Eastern Illinois securities. The full credit for the quarter will amount to more than half of annual fixed charges and will add more than 10% to previously estimated earnings on the common stock. Southern Pacific apparently made no important adjustments but it is likely that in the final months somewhat heavier tax accruals may be necessary as retirements will probably not be sufficient for the full year. Other adjustments are likely by a majority of roads, particularly in wages and taxes, but many will undoubtedly be postponed until the final month of the year.

The Corporation and Investment News Department in the current Tuseday and Saturday issues of the "Financial Chronicle" carried 461 items of importance to security dealers, brokers, bankers, investors —to everyone interested in the securities markets. Sixty of these news items covered railroads— earnings, car loadings, reorganizations, listing of bonds, tenders sought, bank loan reduced, foreclosure sale, trustees purchase of bonds upheld, loan extension, bonds retired, ordered to sell ship holdings, interest, route to be considered, acquisition of air line control, separate trustee sought by stockholders, bonds called, stabilization operations terminated, larger dividend, trustees object to ICC examiners' plan, etc., etc. These are but a few of the important news items such as appear in each Tuesday and Saturday issue of the "Financial Chronicle." If you are not now getting these issues, complimentary copies will be sent upon request. Address the "Financial Chronicle," 25 Spruce Street, New York City.

Bank and Insurance Stocks

This Week — Insurance Stocks

Dealers in fire insurance stocks frequently will find it necessary to adjust investors' impressions of what "normal" underwriting profits should be, in view of the abnormally high underwriting profits for the three years ended 1935.

A good underwriting record is indicative of at least two signs of quality: (1) Efficiency of "plant" produces the steady flow of premiums, received at no interest cost, which are invested with proper safeguards for both policyholders and stockholders to produce investment income and market appreciation. While, theoretically, therefore, a company with no underwriting profit or even a small underwriting loss would be coming out ahead, because of the "free" use of premiums, a moderate underwriting profit should be shown in order that the underwriting plant may justify its "keep." Good underwriting record, therefore, indicates a healthy production end of the business—sound underwriting practices and organization resulting in normal losses and controlled expenses, and assuring expansion in desirable types of volume in step with general economic development.

management. The underwriting

(2) Growth factor. Since insurance companies limit dividends to stockholders to about 90% of investment income, underwriting earnings are all "ploughed back" and furnish the largest source of internal growth from operating earnings.

Consequently, a premium for insurance stocks possessing good underwriting records appears justified. There is a danger, however, that the abnormally high underwriting profits of 1933-1935 post-depression era may have "spoiled" investors into expecting large underwriting profits as a matter of course, and to regard present actually normal underwriting profits as too low.

Stock fire companies for the 3 years ended 1935 averaged nearly 11% per year underwriting profit on earned premiums. These are believed to be the largest underwriting profits for such a period in the history of the business, comparing with 4.9% underwriting profit averaged for 1927-1929, and 5.0% for 1936-1938. Loss ratio dipped to 44.0% in 1933, 43.7% in 1934 and 40.4% in 1935, or well below 47% expense ratio, compared to normally larger loss ratios averaging 50.6% for 1927-1929 and 46.1% for 1936-1938. In fact, throughout the depression years 1930-1932, loss ratios remained unusually low (53.4% average, compared to 59.5% for 1920-1922).

Underwriting experience has tended to run in cycles, at times difficult to explain. Thus, the 1930-1932 depression ratios, contrary to all previous experience for depressions, remained low and underwriting stayed in the "black", generally credited to reduced "moral hazard" losses despite the most severe deflation in the country's history.

Since 1935, however, loss ratios have risen to more usual levels (47.0%), compared to expenses (46.9%), traceable primarily not to increased moral hazard but to the increased loss exposure created by expanded production and trade, and the gradual decline in average rates.

As a result, we find underwriting profits averaging 4.3% for 1938-1940, but with the trend downward (weighting latest years most, the 1938-1940 weighted average was 3.7%). Yet underwriting profits of stock fire companies for 1910-1940 averaged 2.6%, including the abnormal 1933-1935 period, compared to 2.3% profit for 1940, which was a better showing than in 14 of the 31 years covered. Indeed, for most "top" years, the average underwriting profits had been 6% until 1933-1935.

This is not intended to minimize the downtrend in underwriting profits, especially in view of the factor of decline in rates (average rate was $0.67 in 1940 and 1939, compared to $0.71 in 1935 and $0.97 in 1925). However, the higher trend of losses carries its own corrective against falling rates and competition, and steady expenses ratios on higher volume have helped to keep combined loss and expense ratios in line.

Thus, for 1940, loss ratio rose to 49.8% from 45.8% in 1939, but expense ratio declined from 47.6% to 44.6%, thereby holding the combined loss and expense ratios even at 94.4%.

Furthermore, the "burning ratio" (losses paid to total risks underwritten), has remained steady at 0.28% for 1940 and 1939, which while comparing with 0.24% in 1935, shows up well with 0.34% in 1933 and 0.31% in 1934.

The World War I record for fire company underwriting profits under wartime inflation was moderately favorable. With outbreak of war in 1914, fire companies reported aggregate underwriting losses of 3.6% of earned premiums, but the following year they made 4% and after nominal 1% underwriting profits in 1916 and 1917, reached 2.3% in 1918 and peak of 7.2% in 1919. Thus, for the 1914-1918 war years and the post-war inflation year of 1919, the companies averaged about 2%, on loss ratios at that time of 56% and expense ratios of 39%. Premium volume jumped from $307,000,000 in 1914 to $500,000,000 in 1919, and not only held this gain but added to it in the post-war period, when volume averaged $585,000,000 for 1920-1924.

Although in certain material respects, such as competition and rate structure, insurance conditions are different at this time, it appears reasonable to say that if the companies keep loss and expense ratios in line, the expected expansion in volume might well lead to at least as good an underwriting showing for World War II.

Therefore, current underwriting profits, measured against the long-term average, are not out of line, and they should not be compared with the abnormal 1933-1935 experience. The downward trend since 1935 shows signs of stabilizing into normal channels. Increases in aggregate losses are to be expected with production at high levels, but with the trend of premium volume sharply up and being handled without proportionate increase in expenses, the lower expense ratio will help to keep down combined loss and expense ratios within a profitable range of normal proportions.

Panama Bond Interest

The National City Bank of New York as fiscal agent stated on Nov. 25 that funds are available for an additional payment on account of interest represented by the Nov. 15, 1939 coupons on Republic of Panama 35-year 5% external secured sinking fund gold bonds, series A, due May 15, 1963, in the amount of $7.64 per $25 coupon and $3.82 per $12.50 coupon. The payment is being made at the bank's offices, 22 William Street, New York.

Chicago S. E. Ass'n Nominates Murchison

CHICAGO, Nov. 24—Thomas E. Murchison, partner of Paul H. Davis & Co., was nominated for the Chairmanship of the Chicago Association of Stock Exchange Firms by the Nominating Committee of the Association.

Other nominees were: Reuben Thorson of Jackson & Curtis, Vice - Chairman; Leonard M. Sperry, Bear, Stearns & Co., Treasurer.

Members of the Board of Governors, to serve three years: Patrick F. Buckley of Harris, Upham & Co.; Fred W. Fairman, Jr., of Fred W. Fairman & Co.; Leonard M. Sperry; and Edwin S. Stanley of Mitchell, Hutchins & Co.

Members of the Nominating Committee, to serve one year: Harry B. Chichester of Fred W. Fairman & Co.; Henry Grote of David A. Noyes & Co.; Kellogg Logsdon of Farwell, Chapman & Co.; Sampson Rogers, Jr., of McMaster, Hutchinson & Co.; and Jay N. Whipple of Bacon, Whipple & Co.

The annual meeting of the Association will be held on Friday, Dec. 5, 1941.

Texas Group Of IBA Names '42 Officials

DALLAS, TEX.—The Texas Group of the Investment Bankers Association of America has announced the new slate of officials who will take office on Dec. 5:

Milton R. Underwood, Milton R. Underwood & Co., Houston, Chairman; E. J. Roe, E. J. Roe & Co., San Antonio, Texas, First Vice-Chairman; Charles J. Eubank, Elliott & Eubank, Waco, Second Vice-Chairman; B. F. Houston, Dallas Union Trust Co., Secretary-Treasurer; Joe M. Callihan, Callihan & Jackson, Inc., Dallas, Three-Year Committeeman; Lawrence Davis, A. W. Snyder & Co., Houston, Two-Year Committeeman; and William P. Smallwood, State Investment Co., Ft. Worth, Texas, One-Year Committeeman. Mr. Davis is a carry-over on the present Executive Committee from Three-Year Committeeman to Two-Year Committeeman. Mr. Eubank was elected by the present Executive Committee to fill the term of Donald D. James, who had been selected as Second Vice-Chairman at the annual meeting of the Group in April. Mr. James is now with the investment banking firm of E. J. Roe & Co., and has resigned as Second Vice-Chairman, since Mr. Roe is Chairman for the 1941-1942 year.

Seybolt Co. Enjoined

The Securities and Exchange Commission has reported that Judge Francis J. W. Ford of the United States District Court at Boston, Massachusetts, entered a final judgment enjoining Seybolt & Seybolt, Inc., investment firm of Springfield, Mass., from further violating the broker-dealer fraud provisions of the Securities Exchange Act of 1934. The defendants consented to the entry of the judgment.

The complaint charged that the defendant had been fraudulently effecting transactions in the over-the-counter market by soliciting orders for the sale of securities to customers through representations that the securities when purchased by it would be held in safekeeping. To the contrary, the complaint charged, the defendant did not hold the securities in safekeeping but either sold them and converted the proceeds to its own use and benefit or pledged the securities as collateral to secure their own company loans. It was further charged that the company represented that certain checks issued to customers were dividends on securities held in safekeeping for such customers, when in fact the securities were not held in safekeeping and the checks were payments from company funds.

Cement Interesting

An interesting circular on the current situation in common stock of the Longhorn Portland Cement Company has been prepared by Milton R. Underwood & Co., Bulf Building, Houston, Texas. Copies of the circular may be obtained from Milton R. Underwood & Co. upon request.

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.

A SHORT SALES PRESENTATION IS USUALLY MOST EFFECTIVE.

Some years ago, in a New England city, there lived one of the most successful securities salesmen that ever walked in shoe leather. Probably it would be better to say "That ever sat at a desk." This unusual fellow rarely left his office. He took the attitude that his clients should come to see him—and they did.

Here was a fellow who said little. His manner, however, was very expressive. He acted the part of one who was the fountainhead of all available investment knowledge. There he would sit, a rather elderly looking man with a well trimmed grey beard, and the wisest, most solemn, expression imaginable written upon his face. Clients would be ushered into his inner office where he sat at a huge desk. The clients would ask him questions about their securities or they would ask him whether a stock they particularly favored was a good buy. For instance, they would say, "Mr. X, what do you think of Consolidated Hairpin?"

He'd never bat an eyelid nor change his expression. Slowly he would begin to stroke his beard, a determined look of concentration would come over his face, he would squint his eyes, then he would close them, he'd lean back in his chair—thinking. Silence would fill the room. His client would sit there in awesome suspense awaiting the profound decision at which Mr. X was so seriously trying to arrive. Then almost with a start he would sit erect, a gleam of inspiration would come into his countenance and he would say just one word "NO".

That's all there was—there just wasn't anymore. Who could argue with a no? Then he would begin his sales talk. It would always be something like this. "You ought to buy Consolidated Sewing Machine." Then he would stop. If the silence became oppressive he would just stroke his beard. Then he'd drop his voice, he would lean over toward the client ever so slightly and in the most confidential whisper you have ever heard in your life he'd say, "I know the right people are buying it." Then he'd regain his original pose of deep concentration and he'd sit looking at the ceiling. Then came the close, "I'll put you down for two hundred shares—that will be satisfactory?" The last part of this remark was half question and half assurance that, of course it would be satisfactory. Did he do business—he was a one-man riot.

Of course he was one of the greatest actors off the stage—the whole thing was an act. This stunt would be almost impossible to perform today. Still there is a sales lesson to be learned and some of the same principles can be applied even under present conditions.

Here we observe that the seller has eliminated nearly all controversial subjects and the clients objections by the simple process of assuming that he was so right in his judgment that he didn't even need to make a sales talk. Here is simplicity of presentation carried to an extreme. On the other hand if he had gone into the pros and cons in answer to the question as to what he thought about the client's Consolidated Hairpin he would have only involved himself in endless discussion.

It is the same principle as our visit to the Doctor. After your check up he says, "you'll be all right," or, "take this." He doesn't start a sales talk upon why you need vitamin B or why your spleen appears to be backfiring into your epoglatus. He doesn't *try to prove to you that he is right about your condition — he gives you his decision and lets it go at that.*

Your Doctor knows that his patient is rarely interested in the finer points of medical lore, he knows if he tried that they wouldn't understand his explanation and what is more important he knows that the only way he can create the faith of his patients which is necessary to the successful practice of medicine is to use the method of dogmatic recommendation. Our bearded Mr. X just applied this method of salesmanship to the securities business.

All of us, at times, talk too much. Our sales talks are also too long winded. There are times when a lengthy dissertation bringing out the merits of a security offering are advisable. A good salesman, however, knows when and how to do this. But there are times when excessive talk can be eliminated. There are times when you can make your prospect ask questions. That's when the good salesman knows he has the client really interested. That is the time to hold back, to arouse curiosity instead of turning on the full floodgates of oratory. Then just for a change assume that you know he should buy and ask for the order. A close is the easiest part of a sale providing the prospect's mind has been conditioned for taking action —the trouble with most "closes" is that they come to soon—or not at all.

Today, we can't do business like the hero of this little story. We can disclose full information as is required by the Securities Acts and the law but we can also talk less about balance sheets, income accounts, statistical reasons for purchase or sale of an individual security and all the dry as dust reason which most investors are positively uninterested in knowing about. Anyone that thinks that the American investor wants to be bothered with such things has never sold many securities during the past 20 years especially to individuals. They just don't want to be bothered and despite all talk to the contrary they still desire to allow some one else to do their thinking for them. This of course, is usually their Broker, Securities Salesman, Investment Counsel or Investment Dealer.

In conclusion maybe we can sum it up in this manner —a good salesman should assume the attitude that he is competent to advise his clients and then he should do this without too much sales talk. If properly handled this is the best method of conducting a securities business. It saves wear and tear on the vocal chords, the ear drums and the nervous system and there is more profit in such a clientele after it has been established. The statistical department should do the brain work and the salesman should present the finished results of their work. **His job is to boil the facts down into their simplest most understandable essentials and to present them with the least amount of talk that is possible. At any rate maybe we can remember—"More talk, less business—less talk, more business." We can all stand a check up in this respect once in awhile.**

Gains Reported By Dominion Bank, Toronto

The 71st annual statement of The Dominion Bank, Toronto, Canada, showing the results of the bank's operations for the year ended Oct. 31, 1941, made public Nov. 24, indicates a strong liquid position, substantially higher deposits, and an increase in investments and a further increase in commercial loans. After providing for all taxation, net profits were $939,322 from which $85,000 was transferred to officers pension fund, $150,000 written off bank premises, and dividends of 10% per annum, amounting to $700,000, were paid. Total deposits of $143,151,000 increased over $12,000,000 and Dominion and Provincial Government bonds and other high grade securities, totaling $42,648,000, increased a further $4,000,000 represented by purchase of additional Dominion Government obligations. Commercial loans and discounts in Canada now aggregate $78,817,000 representing an increase of $4,600,000 for the year and a record total for the bank.

Cash assets now exceed $33,889,000, immediately available assets $80,131,000, with total assets of over $168,000,000, the highest ever published in the history of the bank. Capital $7,000,000 and reserve fund $7,000,000, or 100% of paid up capital, remain unchanged, with undivided profits at $865,000.

Pierson To Speak At Bankers Forum Dinner

Warren Lee Pierson, President of the Export-Import Bank of Washington, will be the principal speaker at the 28th Annual Bankers Forum Dinner of New York Chapter, American Institute of Banking, to be held on Monday evening, Dec. 1, at the Hotel Roosevelt in New York. W. Randolph Burgess, Vice-Chairman of the Board, The National City Bank of New York, will preside at the dinner and the guests of honor will be Henry W. Koeneke, President, American Bankers Association; Eugene C. Donovan, President, New York State Bankers Association, and Henry Bruere, President, Savings Banks Association of the State of New York.

Benj. Lewis Adds Three

(Special to The Financial Chronicle)

CHICAGO, ILL.—Albert James Hunter, Robert A. Copeland, and William K. Braden have become associated with Benjamin Lewis & Co., 135 South La Salle Street. Mr. Hunter was previously in the municipal department of Brailsford & Co. and prior thereto was with John Nuveen & Co., Harrison, O'Gara & Co., and Roger K. Ballard & Co. Mr. Braden was formerly with Barney Johnson & Co., Shields & Co., L. A. Andrew, Jr., & Co., and Hemphill, Noyes & Co.

F. H. Emery With Prescott

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Fred H. Emery has become associated with Prescott & Co., members of the New York and Cleveland Stock Exchanges, Guardian Building. Mr. Emery in the past was a member of the Cleveland Exchange and was a partner in Pulliam, Emery & Co. He has recently been connected with the First Cleveland Corp.

Investment Trusts

Investment Company Reports

Boston Fund, Oct. 31, 1941

Boston Fund reports total net assets of $6,686,590 as of Oct. 31, 1941, equal to $12.94 per share on the 516,854 shares then outstanding. This compares with net asset value of $13.84 per share on 498,270 shares at the close of the previous quarter on July 31, and $13.16 per share on 477,545 shares outstanding at the close of the Fund's fiscal year last Jan. 31.

During the quarter ended Oct. 31, holdings of cash and equivalent were increased to a net total of $724,517, amounting to 10.9% of the Fund. By industries, oil stocks represented the largest individual group of stocks held, followed by chemicals, utilities, automotive and store stocks.

"The Federal Reserve Board Index of Industrial Production, now around 160, may be expected to advance to perhaps 175 in 1942," the quarterly report observes. "Whether corporate earnings will register a corresponding improvement depends very largely on the ability of corporation managements to meet the problems of taxation, labor costs, etc. So far, the record in this respect has been satisfactory, as evidenced by the fact that a composite index of quarterly net earnings averaged, according to preliminary figures, 109.4 for the first six months of 1941 as compared to an average of 92 for 1940."

* * *

Republic Investors Fund, Inc., Sept. 30, 1941

Republic Investors Fund reported gross assets of $2,173,031 on Sept. 30, 1941, with marketable securities owned valued at cost of $2,016,832. The current market value of the portfolio was $1,288,083. Net assets available for the Convertible Bonds, Preferred Stock and the Common Stock outstanding totaled $1,407,811, with portfolio holdings valued at market. Collateral Secured 4½% Convertible Bonds, Series A, due Feb. 1, 1940, outstanding totaled $332,000. There were 4,707 shares of 6% preferred stock, Series A, convertible $10 par value outstanding, and 11,780 shares of 6% preferred, Series B, $10 par value. Common stock outstanding totaled 283,976 shares.

Income for the nine months ended Sept. 30, 1941, totaled $61,801. Expenses other than interest and debt discount and expense amounted to $42,921. Bond interest and debt amortization and expense amounted to $12,530. After provisions for taxes of $945 net income amounted to $29,447. Net profits realized from security transactions, after provisions for taxes, amounted to $18,197.

"Earnings and dividends applicable to the stocks held by the company are estimated to exceed 1940 rates by approximately 30%," it was stated in the report and the 1941 earnings applicable to the stocks owned after all taxes and substantial reserves, "are estimated to equal approximately 15% of their aggregate market values."

* * *

Sovereign Investors, Inc., Sept. 30, 1941

The report of Sovereign Investors, Inc., for the nine months ended Sept. 30, 1941, showed total net assets of $522,964 applicable to 75,255 3/10 shares of common stock outstanding. Marketable securities at current market quotations were valued at $399,678.

Income from cash dividends and interest for the nine months ended Sept. 30, 1941, totaled $20,684. Expenses amounted to $5,744. Net profits from security transactions amounted to $2,773, and the total of net income and profits for the period was $17,713.

* * *

Investment Company Briefs

There is no turkey shortage for security salesmen in the National Securities & Research Corporation's "Turkey Money" Contest. Checks for "Turkey Money" equal to ¼ of 1% on all orders received from entrants and paid for between Nov. 1 and Nov. 24 will be mailed shortly. Two other settlement dates remain—Dec. 22 and Jan. 5.

* * *

"In discussing corporate earnings these days it has apparently become fashionable to stress the large increases in their taxes and to pay less attention to the increases—which in many cases are also substantial—in net profits after taxes. Yet, from the investor's standpoint the latter is of much greater importance.

"It is worthy of note, for example, that in the first nine months of 1940 net profits of 350 industrial concerns increased by 25.7% over net profits for the

(Continued on page 1211)

Municipal News & Notes

Salary raises for police and firemen, municipal ownership of utilities and one or two "reform" proposals were among the comparatively small number of local issues on the Nov. 4 ballots, which drew a light vote generally in this "off year," information from the American Municipal Association shows.

State-wide elections were scheduled only in Kentucky, New Jersey, New York, Virginia, Pennsylvania and Mississippi. Local elections in other states were for choice of councilmen, mayor and other local officials.

Police salary raises, submitted to voters in 31 New Jersey municipalities, were approved in only eight, while firemen's salary increases, up in 17 cities of this state, were approved in only one or two. Elizabeth, N. J., was one of the cities voting the increase.

In Paducah, Ky., proposed ordinances to increase salaries of police and firemen and establish a civil service system for certain other city employes were defeated. Cleveland, O., voters also defeated police and fire salary increases, along with a 2.73 operating levy for the administration of poor relief, which would have given welfare employes pay raises already voted by the city council.

In Cheyenne, Wyo., on the other hand, voters approved an ordinance raising the salaries of the mayor and commissioners. In three Pennsylvania towns—Merchantville, Brooklawn and Pennsauken Township—pay increases were voted for police.

San Francisco and Cincinnati both defeated proposals on municipal utilities. Under the Cincinnati proposal, the city would have constructed a new power plant or issued $100,000,000 in bonds to buy the private plant now supplying the city with power.

San Francisco voters failed to approve a proposal to authorize a $66,500,000 revenue bond issue for purchase of the distribution lines of the private power company now transporting electric power from the city-operated Hetch Hetchy Dam in Yosemite National Park. The city has been selling Hetch Hetchy power to the utility company for distribution under an "agency contract" for 17 years, but the U. S. Supreme Court found it to be violating the Raker Act, which permits sale only to municipalities or public irrigation districts, and after June 30, 1942, will place an injunction on this activity.

Chief of the reform measures was an amendment to the New York City charter, approved by voters, abolishing the elective offices of county sheriff and city register. Appointments to these offices will be made by the mayor on the basis of a civil service examination. To clarify the situation, a lawsuit is expected on the question of whether those elected to the posts of sheriffs and city register in the five counties the same day the offices were abolished can take office next January.

Other issues acted upon included a state-wide enabling act in Kentucky to permit voting machines in counties, which was adopted; a charter amendment in Cleveland to eliminate sewer rental charges and replace operating funds from general fund allocations, which was defeated; a charter amendment in Detroit for reinstatement of civil service employes absent in the armed forces, which was approved; and an amendment authorizing construction by New York state of 20 miles of ski trails in the Adirondack forest preserve, adopted.

Municipal Capital Outlay Expenditure Fluctuations

An examination by the Department of Commerce of fluctuations in capital outlays of municipalities disclosed that in the past these expenditures for durable goods have expanded during periods of industrial prosperity and declined during recession, it was announced.

This is a factor of fundamental economic significance which has sometimes been overlooked in attempts to utilize public works as an "antidote to depression" it was said.

In view of the financial difficulties encountered by most municipalities during depression, these bodies have not been able to maintain, much less expand, capital outlays during such periods.

If local governments could keep their outlays for durable goods at the pre-depression level during the depression, however, then an expanded program of Federal works would be more effective in taking up the slack in private-capital expenditures, the Department reported.

A planned and stabilized program of municipal public works would be an important factor in the future in ironing out cyclical fluctuations according to the Department of Commerce.

Rising Municipal Costs

Last Friday the New York "Times" in its editorial columns took cognizance of the serious problem that will confront local units of government as prices of materials and services advance on the pressure of "all-out" defense demands. The comments follow:

The action of Budget Director Kenneth Dayton in directing all city departments to cease purchases of supplies and equipment until a program of economies can be worked out was a reminder of how far-reaching the effects of constantly rising prices can be. Mr. Dayton calculates that each department will have to trim its budget for materials by about one-fifth to allow for the rising costs.

As the advance in prices goes on, this is a situation that will confront municipalities throughout the country with increasing severity. Reduced relief costs may be an offset for a time; but against that there will be demands from municipal employes for higher pay to meet the rising costs of living. The net upshot is bound to be reduced municipal services or higher budgets with accompanying higher taxes. This is scarcely a cheerful prospect for the ordinary citizen, already pinched between a higher cost of living and rising Federal taxes. The effect of higher prices on municipal costs is simply one more evidence of the urgent need for effective measures to control inflation. Yet the Price Control Bill which was introduced last Aug. 1 is still bogged down, having been distorted into a scheme for further boosting farm prices, and all the evidence suggests that Congress expects to continue to stall on this important question for a long time to come.

Federal Tax Liens Precede State's

Federal Judge William H. Holly of the Chicago district indicated in a ruling that tax liens of the Federal Government are superior to tax liens of the State government.

J. Albert Woll, United States attorney, attached considerable significance to the decision because, he said, it may set a precedent in cases in which the Federal and State Governments are disputing for first claims on the property of tax delinquents. The cases involve millions of dollars. The Supreme Court has not ruled on the matter, Woll said, and decisions in the lower courts conflict. The fourth Circuit Court of Appeals has ruled that the State's claims come first.

State Supervision Of Local Finance

Sponsored and partly financed by the Municipal Finance Officers Association of the United States and Canada, Dr. Wylie Kilpatrick has presented in "State Supervision of Local Finance," publication No. 79 of the Public Administration Service, the results of years of research by the author.

This 65-page pamphlet sells at $1.25 a copy, procurable through the above named service, located at 1313 East 60th Street, Chicago, Ill.

This pamphlet gives an over-all as well as a detailed picture of the present status of State supervision of local finances. The most important parts of this study are the basic comprehensive tables. They constitute checks lists of the many phases of the work of the State supervisory agencies, and will prove valuable to State supervisors of local finance and to local officials who desire to contrast what is done in their State with practices in other States. In addition, this publication will furnish a useful and somewhat comprehensive reference source for municipal bond men and other students of public finance. No matter what may be one's position in the controversy over how far State supervision should go, it is helpful to have at hand an inventory of the situation as it is today.

Oklahoma Dam Taken Over by U. S.

In an unprecedented action, the Federal Government last week took from the State of Oklahoma control of the $25,000,000 Grand River Dam, "to prevent financial and management difficulties of the Grand River Dam Authority from interfering with full use of the power" for national defense.

President Roosevelt directed the Federal Works Administrator to manage and operate the project which was financed by loans and grants through the Public Works Administration to the State-created authority.

Possession was taken, the FWA announced, under the Federal Water Power Act of 1935. It was the first time the President ever had exercised the emergency authority. The action was recommended by the FWA, the War Department and the Federal Power Commission.

New Mexico Utility Bond Ruling

The New Mexico Public Service Commission has announced that all municipalities in that State must submit to the State Comptroller proposals to buy, sell or lease public utilities or to issue or refund municipal utility bonds before the Commission will approve them.

This announcement was issued as general order number four and was accompanied by a joint statement from Commission Chairman G. S. Carter and State Comptroller C. R. Sebastian, which said:

"The effect of the general instructions issued by the State Comptroller and the general order adopted by the New Mexico Public Service Commission will be that the Commission will be advised at all times regarding those purely fiscal matters which are under the specific jurisdiction of the State Comptroller.

"We believe that the public interest will best be served by the type of co-operation and regulation these orders . . . will accomplish."

Ohio Municipal Revenue Bond Ruling

The Supreme Court of Ohio recently handed down a decision which is expected to clear the hurdles which have blocked the issuance of municipal utility revenue bonds up to this time, by clarifying legal technicalities. The cases came to the court on appeal from the Court of Appeals of Butler County and involved a municipal electric light and power project in Middletown, Ohio, for which an issue of $1,800,000 mortgage revenue bonds had been authorized by ordinance.

In the syllabus of the opinion it is stated that Sec. 12, Article 18 of the Ohio Constitution is self-executing and self-sufficient and utility mortgage bonds created and issued strictly within its terms are not affected by other parts of the Constitution or by the Uniform Bond Act (Section 2298-1 et seq. General Code).

Boston Offered Financial Plan

The Boston Municipal Research Bureau, in a bulletin issued last Saturday, offers a four-point program for city finances during the national emergency, especially prepared in view of a country-wide movement to gear local government into the national defense effort.

Proposing a broad program dealing with: (1) debt retirement; (2) outlays and improvements; (3) budget policy, and (4) post-war readjustment, the bureau asks taxpayers and public officials to work toward a policy equal to the demands and uncertainties of the present.

In pursuing its current program of debt reduction, Boston will conform with a general agreement that the near future should be a "time of rigorous debt curtailment and prompt discharge of municipal obligations," contends the Bureau.

N. Y. State Schedules Sale

An issue of $15,000,000 long-term serial bonds for grade crossing elimination will be offered for sale by New York State next Tuesday, its third major financial transaction in the past fortnight, involving the borrowing of nearly $117,000,000.

It will be the twelfth sale of crossing-elimination bonds since 1925, when the voters authorized a $300,000,000 bond issue for this purpose. It will bring the total issue to $152,500,000.

The first issue for crossing elimination was sold Dec. 1, 1926, at a 4% interest rate. The last, sold Dec. 4, 1940, went at a coupon rate of 1½%.

Since, at the last election, the voters approved a State constitutional amendment making $60,000,000 of the original authorization available for highway and parkway construction, the amount remaining for future crossing eliminations is $87,500,000.

N. Y. State Sells Sinking Fund Bonds

State Comptroller Joseph V. O'Leary awarded on Tuesday in competitive bidding various blocks of New York State municipal bonds, aggregating $1,818,000, in the portfolio of the State Sinking Fund. Proceeds from the sale will be applied to paying the State's canal debt No. 6, due on Jan. 1, amounting to $5,100,000.

Eight different banks or investment firms received the award of certain of the 33 blocks of bonds. Of the total, $1,037,000 consisted of various registered bonds of New York City, maturing from 1944 to 1956 and carrying coupons ranging from 3½ to 4¼%.

Nine Housing Units Schedule Bond Sales

Officials of nine different local housing authorities will be in the market on Dec. 10 with long-term serial bonds, series A, in the aggregate amount of $7,672,000.

The Philadelphia Housing Authority will offer the largest single issue, consisting of $3,742,000 of serials, dated Jan. 1, 1942, and maturing from July 1, 1942 to 1971.

The remaining eight issues are all dated Jan. 1, 1942, and mature serially from July 1, 1942 to 1961. They consist of the housing authorities of the following cities: Newark, N. J., $1,920,000; Jacksonville, Fla., $675,000; Gary, Ind., $466,000; Cambridge, Mass., $266,000; Pawtucket, R. I., $193,000; Lawrence, Mass., $220,000; Danville, Ill., $136,000, and Henry Co., Ill., $54,000.

Secured by a pledge of revenues to be derived from operation of the projects and by annual contributions, equal to or greater than the maximum principal and interest requirements, to be made to the issuing authorities by the United States Housing Authority, these Series "A" bonds have so far commanded prices comparable with high-grade general obligation municipal credits.

Trend Of The Market

Because it points out with commendable brevity the direction in which the wind is blowing, insofar as tax-exempts are concerned, we take the liberty of quoting from Monday's municipal news bulletin, put out by Hemphill, Noyes & Co. of New York:

The most discussed, and possibly the most portentous, development in the municipal market last week was the rise in short-term rates. As long ago as Aug. 4 we noted the tendency and expressed the opinion that "the easing of short maturities could continue without affecting the price level of long-term municipals." We still hold the same opinion, but that aspect of the matter is completely overshadowed by the question of whether or not the divergence is the result of official manipulation. Standard and Poor's, in its Bond Outlook of Nov. 22, says:

"The recent rise in short-term rates has all the appearance of having been engineered . . . first, the Treasury's change of attitude toward rights values, then the raising of reserve requirements, and finally, enlargement of the supply of bills. The intention apparently has been to render this section of the market more attractive to commercial banks, so that these institutions will not be important bidders for the long-term issues which the Treasury hopes to sell primarily to so-called permanent investors."

Theoretically the funds of commercial banks, savings banks, and insurance companies are the property of citizens, but it becomes increasingly difficult for the officers of those institutions to exercise any important degree of judgment in the use of such funds.

Last week, short-term Governments were off; the week's 91-day Treasury discount bills were sold at .258% compared with .20% the week before. Early maturities of municipals felt the pressure. Today, the New York State Six Months' Notes were awarded at .30% and resold at .25%, compared with the block of Seven Months' Notes last August allotted at .20%, resold at .15%, and in some cases as high as .10%. The bids and reoffering scale for the $1,500,000 Massachusetts Airport Bonds, Oct. 1, 1943-47, sold at noon today, conformed to the new pattern. The high bid, successful by less than 7 cents a bond, was 100.34 for a .75% coupon. The reoffering scale ran from .30% to .65% and municipal men said it represented an average betterment in yield of about 20 basis points over what the issue probably could have been sold for a few weeks ago. At that time, in their opinion, the State could have sold .50% bonds at a slightly lower premium.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

Dec. 1st

$4,440,000 Cincinnati, Ohio
On Feb. 27, 1940, this city sold an issue to a syndicate headed by the National City Bank of New York, and associates. The First Boston Corporation headed the second best group.

$2,000,000 Corpus Christi, Texas
In Oct., 1940, this city awarded bonds to a syndicate headed by the Equitable Securities Corp. of Nashville. The Ranson-Davidson Co. of San Antonio, and associates, entered the second best bid.

Dec. 2nd

$15,000,000 State of New York
A similar amount of bonds was awarded last June to a syndicate headed by the Chase National Bank of New York, which beat out the National City Bank of New York, and associates.

Dec. 3rd

$1,522,000 Tennessee, State of
Phelps, Fenn & Co. of New York headed the syndicate that was awarded an issue offered last April. Runner-up in the bidding was Farwell, Chapman & Co. of Chicago and associates.

Dec. 8th

$519,000 Scranton, Pa. (Sch. Dist.)
This district awarded bonds last December to a group headed by Fox, Reusch & Co. of Cincinnati. Runner-up was E. H. Rollins & Sons, Inc., and associates.

Dec. 10th

$7,672,000 USHA Local Units
Refer to remarks given under separate item above.

Dec. 29th

$3,944,000 Orleans Levee District, La.
Bonds were awarded by the district last April to a syndicate headed by R. W. Pressprich & Co. of New York.

Finds Third Quarter Net Slightly Higher

(Continued from First Page)

ventories were 35% higher than on Sept. 30, 1940, and half of this increase occurred in the September quarter. The inventories of companies producing durable goods showed a much sharper increase than those of companies producing nondurable goods.

The receivables of these companies, which had shown comparatively little change up to the end of the September, 1940, quarter, began to increase rapidly thereafter and on Sept. 30, 1941, they were 65% higher than on Sept. 30, 1940. The receivables of companies producing durable goods increased 69%, as compared with an increase of 42% in the receivables of companies producing nondurable goods.

Personnel Items

(Continued from Page 1204)

was Division Manager with headquarters in Pasadena.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Ernest Willson Leppert** has joined the staff of **Searl-Merrick Co.**, San Diego Trust & Savings Building. Mr. Leppert was previously with Fox, Castera & Co., and R. C. Wade & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Ferdinand Ward Strong** is now affiliated with **Davies & Co.**, Russ Building. Mr. Strong was formerly with Frank Knowlton & Co., and prior thereto with E. F. Hutton & Co., and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Albert G. Boutes**, previously with Burney & Co., is now connected with **Sutro & Co.**, 407 Montgomery Street.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**Harry S. Cook** is now connected with **W. H. Heagerty & Co.**, 18 Fifth Street, South.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**William George Norman** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane**, Florida National Bank Building.

WHISPERINGS

Eugene Grabenstatter of Trubee, Collins Co., Buffalo, N. Y. was at a convention dinner one night when the guest of the evening was called upon to say a few words. He rambled on and on and everybody was clearly becoming bored. Finally the guest concluded his oration and sat down amidst a smattering of applause. But no sooner did the speaker sit down than he turned irately to the Chairman and heatedly accused him of trying to break up his speech. The Chairman denied it. "All right," said the angry guest, "I didn't mind when you kept looking at your watch, but what was the idea of shaking it all the time and holding it to your ear as though you thought it had stopped running!"

If you live in New York and drive a car you don't have to have insurance after Jan. 1. But if you get into an accident you'll have to prove financial responsibility. Insurance rates are about the same in all companies depending on where you live. Mutual companies may, however, return dividends of 10% or so a year which would cut your rates. But—and here's the rub—if the company gets into a jam you as a stockholder may be slapped with an Irish dividend.

". . . . I see. Well, good-by," said **Leslie Croll of Merrill, Lynch, P. F. & B.**, as he hung up the phone. Then turning to us asked if we knew who was on the phone. No, we answered, we didn't. "Well," replied Les, "that was one of my lady customers just back from a successful trip from Reno. And from what she said I gather she feels like a new man."

U. S. Rubber will show about $4.75 for 1941, against $3.58 for last year. . . . Company's sales 40% ahead of last year though defense business is only 10% to 15% of total operations. . . . **U. S. Freight** has paid $1 but will declare another divvy sometime next month . . . to be 75¢ to $1. . . . **Anaconda** expected to show earnings of $5.25 to $5.50. . . . And specialist in **Commercial Credit** thinks stock has hit a low.

If you get any presents—or are thinking of giving any—made of transparent plastics (Lucite, Plexoglas, etc.), keep in mind that they burn. So ashtrays, cigarette cases and other such gadgets should be kept away from lighted matches.

A publicist for a liquor firm informs us that of the Mr. Bigs of the world, Winston Churchill drinks anything but water; Joseph Stalin is a cherry brandy fan; Chiang Kai Shek and the Japanese Emperor never touch alcohol; Hitler occasionally imbibes some kind of a brew from which most of the kick has been removed, and F. D. R. allows nothing stronger than 5% beer at his table. . . . There must be a moral in all this but we can't think of it.

Max (E. Lowitz & Co.) Pincus forwards the following: A drunk woke up in the hospital all swathed in bandages to see his pal standing near his bed. "What happened?" he asked weakly. "Don't you remember?" asked the pal. "We were at a party in a penthouse and you bet you could fly around the building like a bird." The patient shouted, "you're supposed to be my pal. Why didn't you stop me! . . ." "Stop you, nothing," replied the friend. "I was betting on you!"

A dealer who wants to remain nameless forwards this bit of irony: A true politician is one who shakes your hand before election—and your faith after election.

A security salesman went out on the road and the only reports he sent to his home office were requests for additional expense money. One day his employer was in his office wondering if the salesman would get enough business to cover expenses, when the phone rang. It was the salesman explaining how he had run into an unusual situation and he needed more money. "I can't hear you," shouted the boss, "it must be a bad connection." Just then the operator plugged in and said, "there's nothing wrong with the connection. I can hear him perfectly." The employer shouted back, "O. K. then, you send him the money!"

Pacific Gas & Electric Bonds Oversubscribed

Blyth & Co., Inc., as head of the underwriting group which on Nov. 25 made public offering of $25,000,000 of Pacific Gas & Electric Co. 3% bonds, due in 1971, announces that the subscription books have been closed. The bankers report that the issue was substantially oversubscribed. The bonds were priced at 105 and interest and the borrowing comprises new money. Associated with Blyth & Co., Inc., are: Harriman Ripley & Co., Inc., Smith, Barney & Co., the First Boston Corp., Lazard Freres & Co., Dean Witter & Co., Bonbright & Co., Inc., H. M. Byllesby & Co., Inc., E. H. Rollins & Sons, Inc., Bankamerica Co., Mitchum, Tully & Co., Elworthy & Co., Brush, Slocumb & Co., Schwabacher & Co., and Weeden & Co.

Sao Paulo Pays On Bonds

City Bank Farmers Trust Co., New York City, announced on Nov. 25 that it has received funds to apply to payment of the Nov. 1, 1939 coupons of City of Sao Paulo, United States of Brazil, external 30-year 8% secured sinking fund gold bonds of 1922, due Mar. 1, 1952, at the rate of 13.325% of the dollar face amount of the coupons. Accordingly, payment of $5.33 per $40 coupon and $2.665 per $20 coupon is now being made at the offices of the bank, 22 William Street, New York.

Business Conduct Comm. For NASD In Chicago

CHICAGO, ILL.—The District Committee for District No. 8 of the National Association of Securities Dealers has appointed a business conduct committee for metropolitan Chicago. Members of the new committee are: Howard F. Allen, Central Republic Company, Chairman; A. S. Wiltberger, Blyth & Co., Inc.; Richard A. Kebbon, Stern, Wampler & Co., Inc.; Donald B. Nichols, Ryan-Nichols & Co.; and Rue Link, Link, Gorman & Co.

Kirchofer & Arnold Add Carmichael & Mattox

(Special to The Financial Chronicle)

RALEIGH, N. C.—Asa Bartholow Carmichael and William Reuben Mattox have become associated with Kirchofer & Arnold, Inc., Capital Club Building. Mr. Carmichael was formerly New York City manager for Scott, Horner & Mason, Inc., and was connected with Morgan Stanley & Co. and Day & Zimmerman, Inc.

NASD Announces Nominations For Board And Members Of District Committees

The National Association of Securities Dealers, Inc. announces that James Coggeshall, Jr., The First Boston Corporation and Clarence E. Unterberg, C. E. Hunterberg & Co., New York; Hagood Clarke, Johnson, Lane, Space & Co., Inc., Atlanta; Albert Theis, Jr., Albert Theis & Sons, Inc., St. Louis; and Joseph M. Scribner, Singer, Deane and Scribner, Pittsburgh, have been named for the Board of Governors of the Association to succeed Donald C. Bromfield, Garrett-Bromfield & Co., Inc., Denver; Arthur S. Burgess, Biddle, Whelen & Co., Philadelphia; George W. Davis, Davis, Skaggs & Co., San Francisco; Frank Dunne, Dunne & Co. and Perry E. Hall, Morgan, Stanley & Co., Inc., both of New York; John R. Longmire, I. M. Simon & Co., St. Louis; and Henry B. Tompkins, The Robinson-Humphrey Co., Atlanta, Ga. Elected candidates will take office on Jan. 16, 1942 when a chairman and vice-chairman of the Board will be chosen.

The following have been nominated to fill vacancies arising on the District Committees:

District No. 1—Waldo Hemphill, Waldo Hemphill, Inc., Seattle, to succeed Edmund F. Maxwell, Blyth & Co., Inc.

District No. 3—Arthur H. Bosworth, Bosworth, Chanute, Loughridge & Co., Denver, Malcolm F. Roberts, Sidlo, Simons, Roberts & Co., Denver, and Paul E. Youmans, Sullivan & Co., Denver, to succeed Gerald L. Schlessman, Brown, Schlessman, Owen & Co., William R. Owen, O'Donnell-Owen & Co., and William F. Nicholson, Harris, Upham & Co., all of Denver.

District No. 4—Dewey F. Gruenhagen, Thrall West Co., Minneapolis, William Mannheimer, Mannheimer-Caldwell, Inc., St. Paul, Joseph L. Seybold, Kalman & Co., Minneapolis, to succeed James MacRae, Blyth & Co., Inc., Minneapolis, G. M. Phillips, Caldwell-Phillips Co., St. Paul, and Robert J. Stallman, Wells-Dickey Co., Minneapolis.

District No. 5—George K. Baum, Baum, Bernheimer Co., Kansas City, Mo. and Harry A. Beecroft, Beecroft, Cole & Co., Topeka, Kans., to succeed Frederick H. MacDonald, Callender, Burke & MacDonald, Kansas City, and J. B. Snyder, Estes, Snyder & Co., Topeka.

District No. 6—Jack P. Brown, Dallas Union Trust Co., Dallas, and J. L. Mosle, Mosle & Moreland, Galveston, Tex., to succeed Thomas Beckett, Beckett, Gilbert & Co., Dallas, and Milton R. Underwood, M. R. Underwood & Co., Houston, Tex.

District No. 7—Firmin D. Fusz, Jr., Fusz-Schmelzle & Co., John D. McCutcheon, John D. McCutcheon & Co., Inc., A. B. Tilghman, A. G. Edwards & Sons, to succeed Walter W. Ainsworth, Metropolitan St. Louis Co., Albert Theis, Jr., Albert Theis & Sons, Inc., and Charles H. Stix, Stix & Co., all of St. Louis.

District No. 9—Porter King, King, Mohr & Co., Mobile, Ala., Macrery B. Wheeler, Wheeler & Woolfolk, Inc., New Orleans, La., Jo Gibson, Jr., Webster & Gibson, Nashville, Tenn., and Henry J. Blackford, A. M. Law & Co., Spartanburg, S. C. to succeed Rucker Agee, Ward, Sterne, Agee & Leach, Birmingham, Ala., Geo. H. Nusloch, Nusloch, Beaudean & Smith, New Orleans, Francis D. Schas, Bullington-Schas & Co., Memphis, Tenn., and W. W. Pate, McAlister, Smith & Pate, Inc., Greenville, S. C.

District No. 10—Arthur S. Sedley, The Bankers Bond Co., Louisville, George T. Lennon, George T. Lennon & Co., Columbus, Ohio, Neil Ransick, Charles A. Hinsch & Co., Inc., Cincinnati, Ohio, and Roderick A. Gillis, Gillis, Russell & Co., Cleveland, to succeed Fred L. Almsted, Almsted Bros., Louisville, Ky., Ewing T. Boles, Banc-Ohio Securities Co., Columbus, Harry R. Niehoff, Weil, Roth & Irving Co., Cincinnati, and Corwin L. Liston, Ledogar-Horner Co., Cleveland.

District No. 11—Harold C. Patterson, Auchincloss, Parker & Redpath, Washington, D. C. and Harry R. Piet, Jr., John D. Howard & Co., Baltimore, Md. to succeed Y. E. Booker, Y. E. Booker & Co., Washington, D. C. and Herbert W. Schaefer, Herbert W. Schaefer & Co., Baltimore.

District No. 12—David S. Soliday, Hopper, Soliday & Co., Philadelphia, William K. Barclay, Jr., Barclay, Moore & Co., Philadelphia, S. Davidson Herron, Mellon Securities Corp., Pittsburgh to succeed Holstein De Haven Fox, A. C. Wood, Jr. & Co., Philadelphia, Philip D. Laird, Laird & Co., Wilmington, Del., and Milton G. Hulme, Glover & MacGregor, Inc., Pittsburgh.

District No. 14—Roger B. Ray, Portland, Maine and Thomas A. West, Perrin, West & Winslow, Inc., Boston to succeed Donald O. Smith, Smith, White & Stanley, Inc., Waterville, Maine and B. Earle Appleton, Pearson, Erhard & Co., Inc., Boston.

Nominees for District No. 8 were previously reported in the Chronicle of Nov. 13 and of District No. 13 in the Chronicle of Nov. 20.

Sweepings

Twentieth Century Fund survey of 10 leading American industries reveals about one-third of their employees work under closed shop. . . . Farm implement manufacturers looking for high sustained demand and production based upon emphasis placed by the Administration on feeding Allies, the continuing shift of labor away from agricultural areas necessitating increased use of labor-saving devices and the political strength of the farm bloc. . . . 12 months ended Oct. 31, 1941, produced as many new industries on Baltimore & Ohio subsidiary lines as in best year during the past two decades, according to Pres. R. B. White. . . . Montgomery Ward cautious in its buying policy for next spring and summer. . . . Sears still buying heavily although not on tremendous scale of a year ago. . . . New York City Comptroller McGoldrick predicts practically no non-defense building in 1942. . . . What the soap makers are faced with—tallow up 75%, grease up 86% and cocoanut oil up 145%—the three main ingredients—90% of cocoanut oil comes from the Philippines. . . . Dividend payment in prospect on Mengel common. . . . Pre-Christmas sales high priced luxuries reported poor. . . . Further inflationary rise in commodity prices freely predicted by Washington economists. . . . Expecting public will feel first big civilian shortage impact January, February, March.

Revising Bethlehem Steel's net this year downward to around $9.50 and U. S. Steel's estimated net upward to around $11.50; also revising White Motors' 1941 net upward to around $4.75, Mack Truck to around $6-$6.50, United Aircraft to around $5.50-$6; Goodrich to around $7; Douglas Aircraft $25, Boeing $4.50-$5; Eaton Manufacturing $5.50, Spicer $9-$9.50.—*G. Y. Billard, J. R. Williston & Co.*

Write For Circular

A statistical analysis comparing the 5% convertible income debentures due 1953 of Consolidated Textile Co., Inc., and the 6% convertible income debentures due 1953 of Alabama Mills, Inc., has been prepared by Blair F. Claybaugh Co., 72 Wall Street, New York City. Copies of the circular, which presents an interesting situation, may be obtained from Blair F. Claybaugh Co. upon request.

N. Y. Attorney General Warns Dealers Funds For When Issued Deals Must Be So Used

The New York State Attorney General, John J. Bennett, has ruled that brokers using for their own account, even temporarily, funds deposited with them by customers for the purchase of "when, as and if issued" securities are acting illegally, and has directed Ambrose V. McCall, Assistant Attorney General, as Chief of the State Securities Bureau, to begin immediate enforcement of this opinion.

Mr. Bennett declared that when a dealer accepts cash from a customer to buy for the latter securities not yet issued, he actually acts as a broker "thereby creating a fiduciary relationship between himself and his customer." He stated that it had become "almost a regular practice" for dealers and brokers to use such deposits to finance their own business on stock market speculations, and while the practice is not forbidden specifically in the State business law, it was "obviously contrary to the plain rules of common honesty." The case of a Syracuse broker who is being prosecuted by the State for using customers' funds to lend to other customers, was cited by Mr. Bennett who added that "few, if any, of the customers realized that their money would be jeopardized by the risk of the dealer's own business and speculations."

Mr. Bennett instructed all assistant attorneys general throughout the State "to be on the lookout for practices of this nature, and to scrutinize all 'when, as and if issued' positions; to use care in ascertaining a true picture of the firm's financial position and its commitments in transactions of this kind, and to enforce strictly segregation of such funds for the specific purpose for which the broker or dealer received the same."

SEC Amends Rule

The Securities and Exchange Commission announced on Nov. 21 the adoption of a technical amendment to Rule N-5B-1 under the Investment Company Act of 1940. The amendment provides that Rule N-5B-1 shall be inapplicable to any company which has adopted a method of valuation permitted by Rule N-2A-1. The Commission's explanation follows:

"As was pointed out at the time of its adoption, Rule N-5B-1 was promulgated in order to simplify the computations which a management investment company must make in order to determine whether it is properly classified as "diversified" or "non-diversified." The rule represents an extension of the principles of computation for these purposes which are set out in Section 2 (a) (39) (A) of the Investment Company Act. Certain companies, however, in order to adjust their operations more readily to tax laws and to the requirements of certain State regulatory laws, employ a method of computation different from the basic statutory method. As to this latter group of companies, which operate under Rule N-2A-1, the provisions of Rule N-5B-1 are believed inappropriate. The amendment becomes effective immediately.

THE BOND SELECTOR

HIRAM WALKER-GOODERHAM & WORTS

New Serial Debentures for Short to Medium Term Investment

Hiram Walker-Gooderham & Worts, Ltd., a Canadian corporation, is a holding company which owns directly or indirectly various corporations engaged in the production of numerous alcoholic beverages. The principal subsidiaries include Hiram Walker & Sons, Inc., tne American company, which owns and operates the largest whiskey distillery in the world at Peoria, Ill.; Hiram Walker & Sons, Ltd., which owns and operates a distillery at Walkersville, Ontario, across the river from Detroit. The principal product of this company is "Canadian Club" whiskey. Gooderham & Worts, Ltd., located in Toronto, is engaged chiefly in the production of industrial alcohol and is the largest Canadian producer of this product.

Another important subsidiary is Hiram Walker & Sons (Scotland), Ltd., which operates in Scotland three Scotch malt whiskey distilleries and a Scotch grain whiskey distillery. The latter, built in 1937 at Dumbarton, is the most modern and one of the largest whiskey distilleries in Europe. This company also blends Scotch whiskeys which are sold principally in the United States. Canadian Industrial Alcohol Co., Ltd., is a non-consolidated subsidiary operating two plants in Ontario which manufactures and sells alcoholic beverages principally in the United States markets.

The company's best known brands are "Canadian Club" Scotch whiskey, "London Dry Gin," "G. & W. Five Star" blended whiskey, and "Ballantine's" 10 and 17-year-old Scotch. Capacity in the United States is approximately 30,000,000 gallons and in Canada and Scotland 17,000,000 gallons (transposed from imperial to U. S. gallons). Thus, the ratio of United States distillery capacity to Canadian-Scottish capacity is about 65-35.

These $15,000,000 serial debentures, offered on Nov. 12, 1941, range in maturity from Nov. 1, 1942 to Nov. 1, 1956, with $1,000,000 principal amount maturing each year. Each series—that is, each of the 15-year maturities—carries a different coupon, ranging from 0.50% to 3.20%, each series being offered at par. Principal and interest are payable in U. S. funds. The net proceeds of the issue $14,737,500) are being applied toward (1) redemption of $3,822,000 4¼% convertible debentures of Hiram Walker & Sons, Inc., and (2) retirement of a substantial amount of outstanding bank loans incurred by both the parent company and by Hiram Walker & Sons, Inc. These bank loans on Nov. 7, 1941, amounted to $13,500,000. Consequently, if all funds available after redemption of the 4¼% convertible debentures are applied to bank loans, these should be reduced to about $2,600,000.

Approximately 90% of total consolidated net sales in the fiscal year ended Aug. 31, 1941, were made in the United States. Over the past five years, sales in the United States have ranged between 85% and 90% of total. Since the repeal of the Prohibition Amendment in the United States, consolidated sales have shown an uninterrupted growth. In 1934, sales were $21,000,000. In the fiscal year ended August 31, 1941, sales were $102,156,000, an increase of 31% over 1940. (Hiram Walker's sales increased 35%). After depreciation, income available for interest amounted to $11,665,000, an increase of 33% over 1940, thus showing a good control of costs. Fixed charge coverage on the then interest requirements was 19 times.

Giving effect to the issuance of these serial debentures, the combined capitalization will also include $7,063,000 4½% debentures of Hiram Walker & Sons (Scotland) Ltd., due 1953 (expressed in Canadian dollars), 560,818 shares of $1 cumulative preferred stock (no par) and 724,004 shares of common stock in addition to the bank loans previously referred to. What the total interest saving to the company may be by calling the 4¼% convertible debentures and retiring a substantial amount of bank loans is impossible to determine precisely. However, maximum interest requirements on the $15,000,000 serial debentures will be $341,700 in 1942, interest on the outstanding balance of $2,600,000 of bank loans should not exceed $78,000, which together with $317,000 for the Hiram Walker (Scotland) 4½s, 1953, brings the total to about $737,000. By the end of 1948, interest requirements on the serial debentures will be reduced by $105,500.

Assuming a maximum figure of $737,000 for overall interest requirements (which is probably not strictly accurate, but is at least the maximum figure), coverage of fixed charges over the past seven years would have been as follows on a consolidated basis (years ended Aug. 31st):

	Three Ciphers Omitted				
	Sales	Operating Profit	Depreciation	Available for Interest	*X-earned
1941	$102,156	$12,506	$841	$11,665	15.1
1940	78,679	9,558	811	8,747	11.8
1939	68,326	8,034	838	7,196	9.7
1938	67,201	9,253	651	8,602	11.6
1937	63,969	9,264	601	8.663	11.7
1936	54,729	6,715	518	6,198	8.4
1935	45,353	4,598	493	4,104	5.5

*Based on $737,000 maximum interest.

According to the last published balance sheet as of Aug. 31, 1941, in Canadian funds, net current assets totaled $35,275,000. Total current assets of $54,367,000 included $5,571,000 of cash and Canadian Government bonds, $14,041,000 of receivables and $34,755,000 of inventories. Current liabilities of $17,426,000 included $9,479,000 of bank loans, $5,023,000 of tax reserves and $1,643,000 of payables. Current ratio was 3.1 to 1. Giving effect to the issuance of these serial debentures, the current position will look even better inasmuch as bank loans will be reduced to less than $3,030,000, and adding back $1,000,000 of the serial debentures due in 1942, net current assets should register an appreciable increase. Net asset coverage of each $1,000 of funded debt outstanding should be better than 4 to 1.

As can be well understood, a substantial inventory during the present period is a necessity. Of the total inventory figure of $34,755,000, $27,302,000 represented "spirits including bottling materials in cased goods." A further breakdown reveals that of this latter amount, $10,150,000 is the value of 49,580,000 gallons (principally spirits in bond) in the United States and $11,500,000 is the value of spirits in Canada and Scotland.

From the points of view of a wide margin of interest coverage, and net working capital position, these bonds appear amply protected. The war element obviously enters the picture as to he possibilities of damage to Scottish distilleries, availability of supplies and more particularly the shipping problem. Giving due weight to these factors, the serial debentures appear attractive as a short to medium-term investment.

Investment Trusts

(*Continued from page 1207*)

same period of 1940*. This increase was made despite the much heavier 1941 tax burdens. Under more normal circumstances, such a large rise in profits in the period of one year would have been greeted as an impressive evidence of prosperous conditions, with salutary effect upon stock prices and investor activity.

"There is no reason to minimize the importance of taxes upon the earnings of various industries and corporations. Like so many other charges against gross or net income, they affect different companies to varying degree. Taxes emphasize the importance of careful security selection. Some corporations can withstand them and yet increase earnings. Others will find the burdens so heavy as to impair earning power. It is one more factor — like priorities, allocations, material and labor costs—peculiar to these times which requires exhaustive analysis in relation to its effect upon specific companies. But, by and of themselves, the amount of income and excess profits taxes a corporation pays are still of less importance than the net results in profits available for the common stock."

*National City Bank of New York compilation.

From Calvin Bullock's **Bulletin.**

* * *

"Until recently, the increases in defense production have been accomplished largely through a greater utilization of industrial capacity. Further increases, however, at least until increased capacity is created, will be accompanied by a decrease in the production of certain consumers goods. This trend is discernible in the following table which gives the estimated breakdown of the Federal Reserve Board Index of Industrial Production as between production of armaments and related capital goods and production of non-defense goods:

	June, '40 Pts.	June, '40 Tot.	Jan., '41 Pts.	Jan., '41 Tot.	Sept., '41 Pts.	Sept., '41 Tot.
Armaments, etc.	10	8%	18	13%	40	25%
Civilian	111	92	121	87	120	75
Total	121	100%	139	100%	160	100%

"A continuation of the trend toward armament production at the expense of civilian requirements will bring serious problems to those companies that are not readily equipped to assist the defense program and whose normal operations will be hampered by a lack of sufficient materials. Such companies face severe curtailment in their operations or difficult readjustments in their business.

"Investors are likewise faced with the necessity of readjusting portfolios to meet the many serious problems presented in the transition from peace to war. This requires a detailed knowledge not only of securities but of the particular problems facing different businesses and industries."—**The Broad Street Letter** of the Broad Street Sales Corporation.

H. S. Hale Opens

OYSTER BAY, L. I., N. Y.—Herbert S. Hale is now engaging in a securities business from offices on Adams Street. Mr. Hale is currently interested in stock of Ore Reductions, Inc.

Our Reporter's Report

(*Continued from First Page*)

Pacific Gas Fast Mover

One underwriting a day like the Pacific Gas & Electric Company's offering of Tuesday would go far toward keeping the blues away from the investment banking field.

That offering of $25,000,000 of thirty-year Series K 3% bonds, priced at 105 and interest, proved the first "right-out-the-window" project in some time.

The bonds were snapped up quickly and moved to a premium coincident with news of closing of subscription books. Funds were slated to reimburse the company for expenditures already made and to defray in part the cost of further expansion under way in the system.

Philadelphia Electric Offering

In keeping with the views expressed by officials of several of the major life insurance companies, relative to competitive bidding, no tenders from that source appeared upon opening of bids for the $20,000,000 of 30-year Philadelphia Electric Company 2¾s on Monday.

Considering the quality of the bonds and, moreover, the size of the issue, it would not have surprised investment bankers had one or more of the life companies submitted a bid for the issue, since even those who are not altogether sold on participation in competing sales, reserved their "right" to enter the field on such occasions.

The successful banking group, which bid 103.4544 for the issue, and reoffered it on a 2.55% yield basis, found the market in a distinctly receptive mood. Only a small part of the total remained unsold at the end of the first day's offering and conditions pointed to a quick clean-up of the balance.

Playing The Field

The Public Service Company of Indiana, in setting up its refunding and consolidation project involving $65,000,000 of new securities, presumably seeks to keep everybody happy under the new order of things in the field of public utility financing.

The company filed on Monday with the Securities and Exchange Commission registration covering a proposed issue of the foregoing proportions.

It proposes that $42,000,000 of new 3⅜% new first mortgage bonds of Series D, with a thirty-year maturity, be sold to the general public, via the investment banking route.

At the same time $13,200,000 of 3⅜s, same maturity, known as Series C under the same mortgage are projected for sale to eight insurance companies.

And to round out its plan the company would borrow $10,000,000 from six banks and two insurance companies presumably on a serial basis.

Treasury Guessing Soon

The government bond group is sharping its pencils for the inevitable game of seeking to outguess the Treasury on its forthcoming December financing.

It is a little too early yet for even the most venturesome to hazard a guess what tack Secretary Morgenthau will take this time. But the boys should be hard at it next week.

For the moment about the only conjecture around suggests that he will again point up his offering for the consideration of what is referred to in the trade as the "big reserves," namely the banks and insurance companies.

Aerco Shows Advance—Statistical Study Available

For the first quarter of its fiscal year Aerco Corporation reported earnings of $54,812.49 before provision for Federal and State taxes. After a reserve for such taxes of $28,950,00 net earnings amounted to $25,862.49, equal to 14 cents a share on the 180,000 shares of stock outstanding.

September earnings reached a new peak of $27,109.67 before, and $11,559.67 after provision for all taxes, equal to 6 cents per share on the capital stock for that month. October shipments exceeded those of September by approximately 27% which indicates that per share earnings again rose to a new high.

Directors recently placed the stock on a regular quarterly dividend basis of 6¼ cents per share and declared two dividends; the first dividend of 6¼ cents payable Dec. 20th to stock of record Dec. 12th and the second payable Feb. 20th to stock of record Feb. 11th.

The company is working on a backlog of orders of approximately $1,000,000 for Douglas Aircraft Co., North American, Ryan, Vego, Vultee and other major aircraft manufacturers.

A complete statistical report on the company may be obtained from Barbour, Smith & Company, 210 West Seventh Street, Los Angeles.

Darby Now Partnership

The investment securities business of Darby & Co., Inc., 1 Wall Street, New York City, is now being conducted as a partnership under the name of Darby & Co., it has been announced.

Megna Joining duPont

A. Philip Megna will become a partner in Francis I. duPont & Co. and Chisholm & Chapman, 1 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 1203)

tion was a joy ride; if not he went down the sewer with the rest. All this is history and if I don't put it as elegantly as history books the conclusions are the same.

* * *

I have always heard it said "There's nothing new under the sun," or to coin another cliche, "history repeats itself." So I didn't make it up. Somebody else said it first. So what? I'm not looking for an argument. In any case I went through all the musty relics of a bygone day to see if I could find any clues as to what to look for in the event inflation hit us hard as it did the Germans and the French. Well, after I got through I knew what other countries faced but I'll be drawn and quartered if I could get any ideas of what to expect in this country.

* * *

The most I could get was a kind of definition of inflation. It goes something like this: When it cost you more money to live than you make, and every increase in your income is outdistanced by the prices you pay the butcher, baker and candlestick maker so that you have to go without a number of things, then brother, you got inflation!

* * *

After that I began reading some of our own economists. Professor Kemmerer of Princeton writes, "Politically, inflation is the line of least resistance." Then along comes Dr. Anderson of the University of Southern California at Los Angeles and says, "The present situation is far more inflationary than was the situation in the last war." That last one scared hell out of me. So to make the picture perfect, Dr. Beckhart of the Chase National Bank concludes ". . . there is no perfect hedge against inflation." So there I was, anxious to do something to get in out of the rain, or at least find an umbrella, and the experts dolefully agree there is little to be done.

* * *

Years ago everybody said that if you didn't want to buy common stocks then the way to protect yourself against inflation was to buy yourself a farm, warehouses full of bacon, or bushels of diamonds. So I got myself a farm, but all I get is bills, blisters, week-end guests and Japanese beetles. I don't like bacon; it gives me indigestion. I therefore concluded that the only thing to do was to buy common stocks and hope I picked the right ones.

* * *

But what were the right ones? Naturally it's nice to have a stock that pays, say 5%, goes up ahead of the market and makes a nice inflation hedge. That would be ideal. Well, I have been in the Street for more years than I care to tell about and I have still to find the ideal. The best I can do is to buy (or advise others to buy) such securities that by their action appear to be heading higher. If they pay anything, fine, but that isn't a requirement. All I want of them is that they act as well, if not better, than the market. Once it stops doing it I'm no longer interested in its romantic possibilities. Somebody else can have the romance. I'll take the cash. It may not be so good for the ego but it's a lot healthier on the bankroll.

* * *

So after all is said and written about inflation and how to protect against it the conclusion that appeals to me is to buy common stocks and hold them until they begin acting sour.

* * *

In case you don't know what sour or sweet applied to stock action is, I refer you to automatic signals — stop. I have advised buying certain stocks at certain prices. Accompanying this I have also given stops beyond which they should not be carried. From time to time I shall recommend additional stocks. So long as you buy them and remember the stops you won't be hurt much. You may even make some money and foremost you'll have an inflation hedge in a field you know about.

* * *

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.]

H. Vaughan Clarke Indicted

The SEC and the Department of Justice have reported the indictment of H. Vaughan Clarke and Mark Godfrey, of Philadelphia; Irving Feinberg, Woodmere, L. I., and Prendergast-Davies Company, Ltd., for violation of the fraud section of the Securities Act of 1933 in connection with the sale to American Beverage Company of some 80,000 shares of stock of C. H. Graves and Sons Distillers, Inc., a Boston liquor rectifying concern.

The indictment, which also charged violation of Section 215 of the U. S. Criminal Code, was returned by a special Federal grand jury in Brooklyn which heard evidence for several weeks. The indictment alleged that the defendants defrauded American Beverage Company and its stockholders in the sale to that company of worthless stock of C. H. Graves and Sons Distillers, Inc., and certain other assets of Prendergast - Davies Company, Ltd., a New York liquor wholesale house controlled by Feinberg, in exchange for the assumption by American Beverage Company of all the liabilities of Prendergast-Davies Company, Ltd.

According to the indictment, the defendants were able to purchase the controlling stock interest in American Beverage Company for $250,000 by getting two large distilling corporations to extend credit on liquor sold to Prendergast - Davies Company, Ltd., which credits were thereafter assumed and paid by American Beverage Company. False representations were made concerning the worth of the 81,421 shares of stock of C. H. Graves and Sons Distillers, Inc., and false financial statements of Prendergast-Davies Company, Ltd., were used in effectuating the transaction, the indictment alleged. After the defendants were able to install a new board of directors of American Beverage Company who accepted the deal, the indictment alleged, they filed false reports with the SEC and the New York Curb Exchange.

The Commission has ordered a hearing at its office in Philadelphia on Dec. 10th at 10.00 a.m., on the question of revocation and suspension of the registration of H. Vaughan Clarke as a dealer and suspension or expulsion from the National Association of Securities Dealers, Inc., in connection with certain allegedly fraudulent and manipulative transactions in securities of Kinsey Distilling Company.

"Petroleum on Parade"

An 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.

UP-TOWN AFTER 3

NEW PLAYS

"Spring Again," with Grace George and C. Aubry Smith, supported by Joseph Buloff, Ann Andrews, Robert Keith and John Craven. Presented by Guthrie McClintic at Henry Miller's Theatre, New York.

An amusing story of the Carter family who live under the shadow of the departed General Carter, who according to his son (C. Aubry Smith), won the war single handed, an opinion not shared by Nell Carter (Grace George), who remembers the general as an iron handed tyrant who didn't approve of her marriage to his son. It isn't until Mrs. Carter starts to help her granddaughter's husband, a radio writer, that the memoirs of the general come to use. A new radio program dramatizing the life of the general, goes on the air, a situation that brings Hollywood into the picture. They want the screen rights. It is these negotiations that bring on Joseph Buloff, the movie tycoon who wants to buy them. Unfortunately Mr. Buloff is on for only a few moments but during his brief appearance he sets the audience into gales of laughter.

"Ring Around Elizabeth." Jane Cowl in a new comedy with McKay Morris, Herbert Yost and others. Presented by Allen Boretz, William Schorr and Alfred Bloomingdale, at the Playhouse, New York.

A long winded heavy handed comedy of a household full of self centered people who rub everybody raw. The husband is dull; one of the daughters is in love; another is too wise for her years; an antique collecting mother; a fire fighting father-in-law; a domineering cook and other people all running after a legacy that Elizabeth (Jane Cowl) has received. So Elizabeth gets amnesia to escape from her realities. She goes back 20 years and as a girl makes a play for her daughter's young man and also avails herself of the chance to tell off certain members of her family.

"Keep 'em Flying" (Universal), with Abbott and Costello; Martha Raye, Carol Bruce and others. Directed by Arthur Lubin.

A completely amusing farce in which the team of Abbott and Costello run true to form. The only times the picture drags is when the plot is stressed. It's about the air corp; a wise guy stunt aviator; a weak brother; a night club singer who joins the USO and their life at the flying field. Miss Bruce is excellent when she sings but not when she acts. Martha Raye has a grand role and plays it up to the hilt. However, that zany pair, Bud Abbott and Lou Costello, are still the funniest pair on the screen. It's a picture to see, not because of it's message but for it's belly laughs.

"Two Faced Woman" (MGM). Greta Garbo, Melvyn Douglas, Constance Bennett, Roland Young and Ruth Gordon. Directed by George Cukor.

The first part of the story is dull; the second is fast and at times amusing. Miss Garbo, a ski instructor meets Melvyn Douglas; a magazine publisher and they get married. But he goes off to New York to attend to his business and she refuses and remains behind. He takes up with a playwright (Constance Bennett)—who incidentally steals every scene she is in—and Miss Garbo follows him but husband doesn't know it. She finally meets him and pretends she is twin sister of his wife. He falls for "twin" and goes back to wife to seek divorce. The dialogue is amusing; the situations are different, but I don't share the general admiration for Miss Garbo.

"They Died With Their Boots On" (Warner). Errol Flynn, Olivia de Havilland and a host of others, including Hattie McDaniel, who played the colored mammy in "Gone With the Wind."

A preposterous story of how Custer won the Civil War all by himself. Leaving West Point with the worst marks in the annals of the Academy he comes out a lieutenant and through some error is elevated to the rank of brigadier general. According to the movie Custer finds himself in Dakota where he organizes a crack regiment but due to political influence is almost cashiered out of the Army. However, being the indomitable soldier that he is he triumphs over his enemies even though he loses his life in the attempt.

ABOUT-THE-TOWN

If you're entertaining guests in your office and want a place to lunch I suggest the **Cafe Savarin (120 B'way).** It has everything that up-town restaurants boast of; cocktail rooms; pine paneled dining rooms; even a cafeteria where prices are quite reasonable. . . . For dining on Italian food that has no peer I suggest **Leone's (239 W. 48th).** From its antipasto to its dessert, its food is everything you ever hoped for. . . . **48th St. Music Hall (124 W. 48th),** a barn like room, with waitresses, opened last week with a zany orchestra from the Middle West, which does about everything. It's a place to have fun if you are in the mood. The entertainment is wacky but really funny.

W. Moore To Represent Columbian Securities

DALLAS, TEX. — Wilmer L. Moore has become associated with the Columbian Securities Corporation, Milam Building, San Antonio, Texas, as their Dallas representative. Mr. Moore was formerly in the investment business in Dallas as an individual dealers and prior thereto was manager of the bond department of the Dallas Union Trust Company and was with the Harris Trust & Savings Bank of Chicago. Mr. Moore may be reached at present at P. O. Box 1021, Dallas.

Another $7,000,000,000

President Roosevelt asked Congress on Nov. 17 for $6,687,360,046 additional for the War Department, of which the largest single item is $3,719,883,246 for ordnance. At the same time the President requested $308,050,000 for the Navy and $15,000,000 for defense housing. The Navy request included $120,000,000 for defense installations on merchant vessels. Other large items in the Army estimate were: $779,064,000 for the Air Corps; $388,000,000 for expediting production of defense equipment; $269,000,000 for the Philippine Army, and $256,709,000 for the Signal Corps.

Calendar of New Security Flotations

OFFERINGS

AIRPLANE MANUFACTURING & SUPPLY CORP.

Airplane Manufacturing & Supply Corp. registered with SEC 69,000 shares common stock, $1 par

Address—Lockheed Air Terminal, Burbank, Cal.

Business—Purchase, service and sale of airplane equipment

Underwriters—G. Brashears & Co., Los Angeles, Cal.

Offering—The number of shares to be offered by the underwriter consists of the 69,800 shares currently registered with SEC, and 16,433 shares previously registered with the SEC. Such aggregate of 86,233 shares are already issued and outstanding and are to be offered to public for account of certain selling shareholders to be offered to public at arbitrary prices to be determined by underwriter from time to time with regard to existing circumstances. Such offering price will not exceed 125% not be less than 110% of the highest bid price during the day of sale. Underwriting commission on the 86,233 shares of 25 cents per share

Proceeds will accrue to the selling stockholders

Registration Statement No. 2-4807. Form A-1. Filed (7-31-41) (San Francisco)

Effective—3 p.m. E.S.T. Sept. 17 as of 4.45 p.m. Sept. 6, 1941

Offered Nov. 10, 1941, at $1.25 per share

MARSHALL FIELD & CO.

Marshall Field & Co. registered with SEC 230,000 shares of no par common stock.

The number of shares offered was reduced to 135,000, comprising 122,000 shares from the holdings of Marshall Field III and 13,000 shares from the holding of Barbara Field Bliss.

Address—222 N. Bank Drive, Chicago, Illinois.

Business—Consists of ownership and operation (a) of department stores distributing high quality merchandise, (b) of various textile and floor covering mills whos products are distributed in bulk, and (c) of The Merchandise Mart and other real estate in Chicago.

Underwriters—By amendment number of shares underwritten are as follows: Glore, Forgan & Co. and Lee Higginson Corp. 50,625 shares each; Shields & Co., 33,750 shares

Offering—The 135,000 shares are already issued and outstanding, and are to be offered to the public for the account of certain selling stockholders

Registration Statement No. 2-4883. Form A-2 (11-12-41).

Offered Nov. 26, 1941, at $14.50 per sh.

MUTUAL TELEPHONE CO.

Mutual Telephone Co. registered with SEC 100,000 shares capital stock, $10 par.

Address—1128 Alakea St., Honolulu, Oahu, Territory of Hawaii.

Business—Company is an independent public utility furnishing telephone service on the Islands of Oahu, Hawaii, Maui, Kauai, and Malokai, Territory of Hawaii, adio telephone service between said Islands and certain ships at sea, and also wireless telegraph service between Oahu, Lanai, Hawaii, Maui and Malokai.

Underwriters—There is no underwriting in connection with this offering.

Offering—Company is offering the 100,000 shares for subscription at $10 per share to its stockholders of record Oct. 15, 1941, by offering one share for each 4 shares then held. Subscription offer expires Dec. 20, 1941. Full shares of such stock, representing fractional interests and also shares called for by warrant to be issued to stockholders, which are not exercised, will be sold at public auction in Honolulu to highest bidder therefor not later than Dec. 27, 1941, and proceeds from the auction sale in excess of $10 per share (after deduction expenses of auction) will be distributed pro rata to stockholders of record Oct. 15, 1941, whose fractional interests are disposed of and to holders of unexercised warrants.

Proceeds to prepay outstanding short term bank loans, additions to plant and equipment, working capital.

Registration Statement No. 2-4855. Form A2. (10-6-41)

Effective—4:45 P.M., E.S.T., on Oct. 17, 1941.

Offered—Warrants marked Nov. 5, 1941

PACIFIC GAS & ELECTRIC CO.

Pacific Gas & Electric Co. registered with SEC $25,000,000 first and refunding mortgage series K 3% bonds, due June 1, 1971.

Address—San Francisco, Cal.

Business—Operating gas and electric utility company.

Underwriters—Blyth & Co., Inc., is named principal underwriter.

Offering—The bonds will be offered to the public at a price to be supplied by amendment to registration statement.

Proceeds will be used to reimburse company's treasury for moneys expended for capital purposes, such treasury funds to be used for construction and working capital.

Registration Statement No. 2-4884. Form A-2 (11-12-41 San Francisco)

Effective 4:45 p. m. E.S.T. on Nov. 24, 1941

Offered Nov. 25, 1941, at 105 and int.

PENNSYLVANIA-CENTRAL AIRLINES CORP.

Pennsylvania-Central Airlines Corp. registered with SEC 75,000 shares $1.25 cumulative convertible preferred stock, no par; and 150,000 shares of common stock, $1 par, latter to be reserved for issuance upon exercise of the conversion privilege of the convertible preferred stock.

Address—Allegheny County Airport, Pittsburgh, Pa.

Business—Engaged in the air transportation of passengers, mail and express, over certain routes authorized by the Civil Aeronautics Board.

Underwriters and the number of shares of the preferred stock underwritten by each, are as follows:

White, Weld & Co., New York	17,300
Carl M. Loeb, Rhoades & Co., N. Y.	17,300
Cohu & Torrey, New York	8,000
Auchincloss, Parker & Redpath, N.Y.	7,000
O'Brian, Mitchell & Co., Buffalo	7,000
Kay, Richards & Co., Pittsburgh	6,500
Stern, Wampler & Co., Inc., Chicago	4,300
Stroud & Co., Inc., Phila.	4,000
Mackubin, Legg & Co., Baltimore	3,600

Offering—The 75,000 shares of preferred stock will be offered to the public at $25 per share; underwriting commission is $2.25 per share.

Proceeds—$1,429,571 will be applied to pay off company's outstanding bank loans, including premium and interest; balance of $247,946 will be added to working capital.

Registration Statement No. 2-4888. Form A-2 (11-15-41).

Effective 4:45 p. m. E.S.T. on Nov. 24, 1941

Offered Nov. 25, 1941, at $25 per share

PHILADELPHIA ELECTRIC CO.

Philadelphia Electric Co. registered with SEC $20,000,000 of First and Refunding Mortgage 2¾% bonds, due Dec. 1, 1971

Address—1000 Chestnut St., Philadelphia, Pa.

Business—This subsidiary in the United Gas Improvement Co. holding company system, is engaged primarily in production, purchase, transmission, distribution and sale of electricity and gas in southeastern Pennsylvania, including Philadelphia and vicinity

Underwriting and Offering—The bonds will be sold under the competitive bidding rule U-50 of the SEC's Public Utility Holding Company Oct of 1935

Proceeds—$20,000,000 of the net proceeds from sale of the bonds will be applied to repay company's presently outstanding $20,000,000 of 1½% promissory notes payable to banks. Remainder of net proceeds will be used to reimburse, in part, company's treasury for additions, extensions, batterments and improvements to its plants and property

Registration Statement No. 2-4863. Form A2. (10-17-41)

Effective—4.45 p. m., E.S.T., on Nov. 7, 1941

Bids were received by the company at Edison Bldg., 900 Sansom St., Philadelphia, up to 1 p. m., E.S.T., on Nov. 24, 1941

Awarded to syndicate headed by Mellon Securities Corp.

Offered Nov. 26, 1941, at 104.176% and interest

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.

TUESDAY, DEC. 2

FLINTKOTE CO. (THE)

The Flintkote Co. registered with SEC 35,000 shares common stock, no par.

Address—30 Rockefeller Plaza, New York, N. Y.

Business—Directly or through subsidiaries, engaged in manufacture and sale of various asphalt and asbestos-cement roofing and siding products, structural and decorative insulation board products, asphalt emulsions, chipboards and boxboards, solid and corrugated containers, set-up and folding boxes, dry and saturated felts, rubber compounds and allied products.

Underwriters—None.

Offering—The 35,000 shares of common stock will be reserved for issuance by company to certain officers and employees of company and its subsidiaries from time to time, at not less than the then prevailing market price for company's common stock.

Proceeds will be applied toward, or will be used to reimburse company for expenditures made in connection with, construction or acquisition of additional felt mill facilities in Vernon, Cal.

Registration Statement No. 2-4885. Form A-2. (11-13-41)

MIDWEST TOOL & MANUFACTURING CO.

Midwest Tool & Manufacturing Co. registered with SEC 50,000 shares common stock, $1 par.

Address—Detroit, Mich.

Business—Manufacturer of precision cutting tools, etc.

Underwriter—Keane & Co.

Offering—The 100,000 shares will be offered to the public at $2 per share. Of the shares registered, 27,125 shares are to be offered for the account of the company, and the remaining 22,875 shares (already issued and outstanding) will be offered for the account of two selling stockholders.

Proceeds to company from sale of the 27,125 shares will be used for payment of outstanding bank loans, final installment on sales contract, and the balance for working capital.

Registration Statement No. 2-4886. Form S-2 (New form) (11-13-41 Cleveland).

THURSDAY, DEC. 4

MOBILE GAS SERVICE CORP.

Mobile Gas Service Corp. registered with SEC $1,400,000 first mortgage bonds, due Dec. 1, 1961 (interest rate to be supplied by amendment), and 6,000 shares 6% cumulative preferred stock, $100 par.

Address—162 St. Francis St., Mobile, Ala.

Business—An operating utility subsidiary of Consolidated Electric & Gas Co., company furnishes natural gas service at retail in Mobile, Ala., and vicinity.

Underwriting and Offering—The bonds and the preferred stock will be sold by company under the competitive bidding Rule U-50 of the SEC's Holding Company Act, as soon as practicable after the registration statement shall have become effective. Names of the underwriters and public offering prices will be supplied by amendment.

Proceeds will be applied as follows: To the redemption, at 100 and accrued interest, of the outstanding $876,700 of first mortgage 5% bonds of 1956, the outstanding $637,750 of first mortgage income bonds series A (9%) of 1956, and the outstanding $236,950 of first mortgage income bonds series B (7%) of 1956; balance of $75,000 will be used to establish a construction fund to provide for acquisition or construction of additional property.

Registration Statement No. 2-4887. Form A-2 (11-15-41).

SUNDAY, DEC. 7

NORTH SHORE GAS CO.

North Shore Gas Co. registered with the SEC $3,700,000 of first mortgage series A bonds, due 1961, and $700,000 serial notes due $50,000 semi-annually in 1942-1948, inclusive. Interest rates and maturity dates will be supplied by amendment

Address—211 Madison St., Waukegan, Ill.

Business—This public utility company is engaged principally in the production, distribution and sale of gas for heat, light, power and other purposes; gas sold consists partially of water gas and partially of coke oven gas. Territory served comprises 270 sq. miles, including all of the communities situated along the shore of Lake Michigan from the Illinois-Wisconsin State line on the north to the south boundary of Winnetka, Ill., on the south

Underwriters—Central Republic Co., Chicago, is named principal underwriter; names of other underwriters will be supplied by amendment

Offering—The bonds and notes will be offered to the public, at prices to be supplied by amendment.

Proceeds, plus other funds of company, will be applied to payment, at 100 and accrued interest, of the $4,604,000 of joint first mortgage 4% Series A bonds, due Jan. 1, 1942, of company and North Shore Coke & Chemical Co.

Registration Statement No. 2-4889. Form A2. (11-18-41)

TUESDAY, DEC. 9

HASTINGS MANUFACTURING CO.

Hastings Manufacturing Co. registered with SEC 140,400 shares common stock, $2 par value

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

Underwriters—Schroder, Rockefeller & Co., Inc., are principal underwriters. Other underwriters are Smith, Hague & Co. and Carlton M. Higbie Corp., Detroit, Mich.

Offering—23,100 shares are unissued and are to be offered to the public for the account of the company; remaining 117,300 shares are outstanding and are to be sold to public for account of certain selling stockholders

Public offering price is $9.50 per share

Proceeds to company will be used for general corporate purposes, including purchase of new equipment and for working capital

Registration Statement No. 2-4890. Form A2. (11-19-41 Cleveland)

RAILROAD EMPLOYEES CORP.

Railroad Employees Corp. registered with SEC $750,000 5% convertible sinking fund debentures, due Dec. 1, 1956; and undetermined number of shares $1 par class A common stock, reserved for issuance on conversion of the debentures

Address—155 E. 44th St., N. Y. City

Business—Through subsidiaries, engaged in the "small loans" business in New York and New Jersey

Underwriters—E. H. Rollins & Sons, Inc., New York, is principal underwriter; others to be named by amendment

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

Proceeds will be added to general funds, and used in part to reduce bank loans and commercial paper

Registration Statement No. 2-4891. Form A2. (11-19-41)

THURSDAY, DEC. 11

DIVERSIFIED FUND CORP.

Diversified Fund Corp. registered with SEC 1,000 certificates representing Diversified Fund Trust Shares, dividend into Capital Shares, Income Shares and Installment Shares, aggregate amount of which is not to exceed $2,000,000

Address—608 Sunshine Bldg., Albuquerque, N. M.

Business—Investment trust.

Underwriter—To be offered by company.

Offering—The 1,000 certificates are to be offered at not exceeding an aggregate of $2,000,000.

Proceeds for investment purposes

Registration Statement No. 2-4892. Form C1. (11-21-41)

FRIDAY, DEC. 12

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3¾% bonds, due Dec. 1, 1971

Address—110 N. Illinois St., Indianapolis, Ind.

Business—Incorporated in Indiana on Sept. 6, 1941, as result of consolidation of Public Service Co. of Indiana, Central Indiana Power Co., Northern Indiana Power Co., Terre Haute Electric Co. and Dresser Power Corp. Company is a public utility operating in State of Indiana and is engaged principally in production, generation, manufacture, purchase, transmission, supply distribution and sale of electric energy and gas, and in the supply, distribution and sale of water.

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

Proceeds, plus other funds of company if necessary will be applied to redemption, within 40 days after issuance of the bonds, of the $38,000,000 of Public Service Co. of Indiana first mortgage series A 4% bonds, due Sept. 1, 1969, at 106½ and accrued interest; and $4,000,000 of the net proceeds will be deposited with the trustee under the series D indenture and will be used in accordance with the provisions of the indenture

Registration Statement No. 2-4893. Form A2. (11-22-41)

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.

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 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).

The company has filed an amendment to its registration statement with the Securities and Exchange Commission disclosing that its 50,000 shares of $1.37½ cumulative convertible preferred stock will be offered to the public by the following underwriters:

	Shares
White, Weld & Co.	12,500
Jackson & Curtis	10,000
Merrill, Lynch, Pierce, Fenner & Beane	10,000
Stern, Wampler & Co.	5,000
E. H. Rollins & Sons	4,000
Pacific Co. of California	4,000
Mitchum, Tully & Co.	1,500
Cohu & Torrey	1,000
Fuller, Cruttenden & Co.	1,000
Vietor Common & Co.	1,000

AMERICAN BAKERIES CO.

American Bakeries Co. registered 15,000 shares Class B no par common stock

Address—No. 520 Ten Pryor St. Bldg. Atlanta, Ga.

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

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

Proceeds—All proceeds will be received by L. A. Cushman, Jr., chairman of board of company, for whose account the stock will be sold

Registration Statement No. 2-4714. Form A-2. (3-28-41)

AUTOMATIC TELEPHONE DIALER, INC

Automatic Telephone Dialer, Inc. registered 75,000 shares of common stock no par

Address—1201 East Grand Street, Elizabeth, N. J.

Business — Development of automatic telephone dialing devices

Underwriter—None. Stock will be sold through registered brokers and dealers

Offering—Public offering price, $3 per share, underwriting commission 75 cents per share

Proceeds—For engineering and development expenses and working capital

Registration Statement No. 2-4752. Form A-1. (5-5-41)

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

BEACON ASSOCIATES, INC.

Beacon Associates, Inc. registered SEC $500,000 6% Participating Sinking Fund Debentures, due July 1, 1971

Beacon Associates, Inc. interest rate on $500,000 Participating Sinking Fund Series A Debentures, due July 1, 1971, changed from 6% to 6½% per annum, according to amendment filed with SEC July 21, 1941

Address—216 Turks Head Bldg., Providence, R. I.

Business—Engaged in the small loan business in Rhode Island and Massachusetts

Offering—The Debentures will be offered to the public at 100 by F. L. Putnam & Co., Inc., Boston; underwriting commission is 15%, leaving net price to company of 85

Underwriter—F. L. Putnam & Co., Inc., Boston

Proceeds—Will be advanced to subsidiary for their working capital or will be used for payment of debt incurred on providing funds for advances to subsidiaries

Registration Statement No. 2-4790. Form A-2. (6-27-41)

Effective—3:00 P.M. E.S.T., August 22, as of July 17, 1941

BEAR MINING AND MILLNG COMPANY

Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 35%

Proceeds — For development equipment and operation mining property near Breckenridge, Colo.

Registration Statement No. 2-4571. Form A-1. (11-12-40)

BONWIT TELLER, INC.

Bonwit Teller, Inc. registered 39,334 shares of 5½% cumulative convertible preferred stock, $50 par, and 131,202 shares of common stock, $1 par

Address—721 Fifth Avenue, New York City

Business—Operation of specialty store in New York City

Underwriters—To be filed by amendment

Offering Terms — Preferred and common will be publicly offered at prices to be filed by amendment, except that 106,202 common shares will be reserved for conversion of preferred

Proceeds—Stock will be sold by Atlas Corp. and the American Co., parents, and no proceeds will be received by the company

Registration Statement No. 2-4748. Form A-2. (4-30-41)

CAROLINA TELEPHONE & TELEGRAPH CO.

Carolina Telephone & Telegraph Co. registered with SEC 10,625 shares common stock, $100 par, and subscription warrants evidencing rights to subscribe for such 10,625 shares common stock

Address—122 St. James St., Tarboro, N. C.

Business—This operating company is engaged in the telephone business in the eastern part of North Carolina. About 31.67 of its common stock is owned by Southern Bell Telephone & Telegraph Co. (a subsidiary of AT&T)

Underwriters—There is no underwriting involved in connection with this financing

Offering—Common stockholders of record Nov. 26, 1941, are being granted transferable warrants to subscribe at $100 per share for the 10,625 shares of common stock, at the rate of one share for each 4 shares then held. Warrants expire Dec. 29, 1941. Company reserves right to reoffer for sale, at a price in no event less than $100 per share, such of the 10,625 shares of common stock as are not subscribed for by stockholders in the exercise of the warrants

Proceeds to payment of $630,000 of bank loans, balance for plant and equipment additions and betterments, and for working capital

Registration Statement No. 2-4875. Form A2 (11-4-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

CHAMPION PAPER & FIBRE CO.

Champion Paper & Fibre Co. registered with SEC $8,500,000 of first mortgage bonds, due Nov. 1, 1956 (interest rate to be filed by amendment); 40,000 shares $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

Business—Largest domestic manufacturer of the types of paper known in the trade as white papers and book papers, and is one of the largest domestic manufacturers of coated papers

Underwriters are W. E. Hutton & Co. and Goldman, Sachs & Co., both of New York, N. Y.

Offering—The bonds and preferred stock will be offered to the public, at prices to be supplied by amendment

Proceeds will be used to redeem the outstanding aggregate of $8,660,000 of 4¾% sinking fund debentures ($4,125,000 principal amount due 1950, at 104½; $4,535,000 principal amount of the 1938 Issue at 102¼), requiring $8,947,663. Balance of net proceeds will be added to working capital

Registration Statement No. 2-4867. Form A2. (10-25-41)

Amendment Filed—Company has filed an amendment with the SEC to its registration statement disclosing that the bonds would bear interest at the rate of 3½% per annum. The public offering price of the bonds and the preferred stock will be supplied by later amendment

Also disclosed in the amendment is the names of the underwriters for the bonds and preferred stock, together with the each, as follows (all of New York City, unless otherwise indicated):

	Prin. amt. of bonds	No. of shs. of pref. stk.
W. E. Hutton & Co.	$1,700,000	8,000
Goldman, Sachs & Co.	1,700,000	8,000
R. S. Dickson & Co.	127,000	600
Drexel & Co., Phila.	425,000	2,000
Field, Richards & Co., Cincinnati	85,000	400
First Boston Corp.	425,000	2,000
Harriman Ripley Co.	425,000	2,000
Hemphill, Noyes Co.	255,000	1,200
Hornblower & Weeks	340,000	1,600
Johnson, Lane, Space & Co., Savannah	85,000	400
Kidder, Peabody Co.	765,000	3,600
Kuhn, Loeb & Co.	850,000	4,000
W. C. Langley & Co.	340,000	1,600
Lee Higginson Corp.	511,000	2,400
Piper, Jaffray & Hopwood, Minneapolis	127,000	600
White, Weld & Co.	340,000	1,600

Calendar of New Security Flotations

Offering Deferred—Company announced Nov. 17 that the offering of the securities has been postponed for the present.

COLUMBIA GAS & ELECTRIC CORP.

Columbia Gas & Electric Corp. registered $28,000,000 serial debentures, due 1942 to 1951, and $92,000,000 sinking fund debentures due 1961

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

Offering—Both issues will be publicly offered at prices to filed by amendment

Proceeds—To redeem $50,000,000 Deb 5s 1952; $4,750,700 Deb. 5s, due April 15, 1952; $50,000,000 Deb. 5s, 1961; to purchase $3,750,000 4% guaranteed serial notes due 1942-46 of Ohio Fuel Gas Co., a subsidiary, and $3,750,000 guaranteed serial notes of United Fuel Gas Co., a subsidiary, from the holders thereof; and to make a $3,402,090 capital contribution to Cinn., Newport & Covington Ry Co. to enable that Company to redeem its outstanding $3,303,000 1st & Ref. 6s, 1947

Registration Statement No. 2-4736. Form A-2. (4-10-41)

COMPOSITE BOND FUND, INC.

Composite Bond Fund, Inc., registered with SEC 32,500 shares $1 par common stock.

Address—601 Riverside Ave., Spokane, Wash.

Business — Open-end investment trust, limited to investments in bonds.

Underwriting—Murphey, Favre & Co., Spokane, Wash., is underwriter and distributor, purchasing said shares at the net asset value then in effect for distribution to public at such net asset value plus 8½%.

Offering—To be offered to the public at the then prevailing market price.

Proceeds—Will be used for investment purposes.

Registration Statement No. 2-4825 Form A-1. (8-28-41)

CONSOLIDATED AMUSEMENT CO., LTD.

Consolidaaed Amusement Co., Ltd., registered with SEC 50,000 shares common stock, no par

Address—Honolulu, Hawaii

Business—Engaged in exhibiting motion pictures in theatres owned or operated by it on the Islands of Oahu, Hawaii and Kauai in the Territory of Hawaii and of distributing motion pictures for exhibition purposes to other exhibitors on the Islands of Oahu, Hawaii, Maui, Lanai, Molokai and Kauai in the Territory of Hawaii

Underwriters—None

Offering—The shares will be offered for subscription at $10 per share pro rata to holders of common stock of record Oct. 15, 1941, on a one for three basis, through warrants, exercisable up to and including Dec. 27, 1941. Unsubscribed portion of such 50,000 shares will be sold at public auction in Honolulu. There is no underwriting in connection with this offering. Of the 50,000 shares so offered, 33,813 shares will upon their issuance be subject to the Voting Pool Agreement, as extended to April 15, 1950

Proceeds will be used to redeem, on Dec. 10, 1941, the outstanding 6% Series A cumulative preferred stock of company

Registration Statement No. 2-4880. Form A2. (11-7-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

Consolidated Amusement Co., Ltd., also filed registration statement with SEC covering voting trust certificates, to be issued for a maximum of 33,813 shares of common stock, no par, registered above (2-4880)

Registration Statement No. 2-4881. Form F1 (11-7-41)

Effective 4:45 p. m. E.S.T. on Nov. 19, 1941

CROCKER MC ELWAIN CO.

The Voting Trustees of Crocker McElwain Co. registered with the SEC voting trust certificates, to be issued in exchange for a like number of shares of 1,684 shares of 7% preferred stock, $100 par, and 15,000 shares of common stock, $100 par.

The voting trust certificates provide that the voting trust shall continue in effect until Sept. 2, 1944, unless terminated earlier. Unless terminated according to its terms, the voting trust will continue until Sept. 2, 1947.

Voting trustees are Elmer C. Tucker, Ralph H. Morrill, and Joseph K. Holmes.

Address—642 Main St., Holyoke, Mass.

Business—Company is engaged in manufacture and sale of paper, with its mill located in Holyoke, Mass.

Registration Statement No. 2-4858. Form F-1. (10-11-41).

Effective 4:45 p.m., E.S.T., on Nov. 15, 1941.

EATON & HOWARD BALANCED FUND

Eaton & Howard Balanced Fund registered with SEC 500,000 Trust Shares

Address—25 Federal St., Boston, Mass.

Business—Investment Trust

Offering—The shares will be offered to the public, at the market

Underwriters—Eaton & Howard, Inc., Boston

Proceeds—For investment

Registration Statement No. 2-4860. Form A2 (10-15-41)

Effective—4 p. m., E.S.T., on Nov. 5, 1941

ELMORE OIL CORP.

Elmore Oil Corp. registered with SEC 14,000 shares common stock, $5 par value

Address — Stevens-Harle Bldg., Durant, Okla.

Business—Engaged in the oil business, buying, selling oil and/or gas leases; owns and operates certain oil and gas leases and equipment in Brown and Jack Counties, Tex.

Underwriters—None

Offering—The shares will be offered to the public direct by company, at $5 per share

Proceeds will be used for drilling of 5 additional wells, the equipping of a certain lease, and for working capital

Registration Statement No. 2-4864. Form A-1. (10-21-41)

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)

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)

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3¾% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

Address—607 E. Adams St., Springfield, Ill.

Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel

Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

	Amt. of Bonds	No. of Shs. of pfd. stk.
Bonbright & Co., Inc., New York	$2,875,000	12,000
Paine, Webber & Co., New York	2,156,000	9,000
Mitchum, Tully & Co., Los Angeles	719,000	3,000

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement

Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes

Registration Statement No. 2-4866. Form A2. (10-24-41)

INVESTORS MUTUAL FUND, INC.

Investors Mutual Fund, Inc., registered with SEC investment certificates representing an equitable interest in the following two classes of Special Stock of company: (I) Investors Diversified Fund; (a) 60 units of $1,200 each of Monthly Payment Certificates without life insurance protection permitting aggregate payments of $720,000; (b) 400 units of $1,200 each of Monthly Payment Certificates with life insurance protection permitting aggregate payments of $480,000; and (c) 2,000 units of $250 each of Full Paid Certificates requiring aggregate payment of $500,000; (II) Investors Corporate Fund: (a) 600 units of $1,200 each of Monthly Payment Certificates without life insurance protection permitting aggregate payments of $720,000; (b) 400 units of $1,200 each of Monthly Payment Certificates with life insurance protection permitting aggregate payments of $480,000; and (c) 2,000 units of $250 each Full Paid Certificates requiring aggregate payments of $500,000.

The number of shares to be issued of the classes of Special Stock designated as Investors Diversified Fund and Investors Corporate Fund, respectively, are indeterminable in advance. However, shares of each class of Special Stock will be issued in such amounts as are necessary to meet the investment requirements of Investors whose Net Payments upon the Certificates covered by this registration statement will be applied to the purchase of such shares of Special Stock from time to time. The Shares will be first issued at $10 each, then at net asset value

Address—1016 Baltimore Ave., Kansas City, Mo.

Business—Investment trust

Underwriters—Investors Fund, Inc.

Proceeds for investment purposes

Registration Statement No. 2-4869. Form A1 (10-29-41)

KENSINGTON MINES, INC.

Kensington Mines, Inc. has filed a registration statement covering 565,000 shares of $1 par 6 per cent cumulative preferred stock and the same number of shares of 1 cent par common. 35,000 shares of $1 par 6 per cent cumulative preferred shares previously sold to promoters at $1 and 1,320,000 shares of 1 cent common previously sold to promoters at 2.65 cents a share

Address—Seattle, Washington

Business—Mining and Milling

Proceeds — For property, construction, development and working capital

Underwriters—Kressly and Campbell

Registration Statement No. 2-4697. Form A-1. (3-21-41)

Effective—4:45 P.M., E.S.T., April 9, 1941

KIRKLAND GOLD RAND, LTD

Kirkland Gold Rand, Ltd., registered with SEC, under refiling, 500,000 shares common stock $1 per

Address—360 St. James St., West, Montreal, Quebec, Canada

Business—Engaged in development, acquiring, holding, selling and operating gold, silver and other mineral mines. Company is still in the development stage

Underwriters—To be named by amendment

Offering—Above shares to be offered to public at $1.25 per share; underwriting commission is 43¾ cents per share

Proceeds—For development, purchase of equipment and working capital

Registration Statement No. 2-4727. Form A-1. Refiled (6-16-41)

LA CROSSE TELEPHONE CORP.

La Crosse Telephone Corp. registered 32,080 shares of common stock, $10 par

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

Offering—All stock registered will be publicly offered at price to be filed by amendment, except that 2,406 shares will be sold to Central Electric & Telephone Co.

Proceeds—Stock registered is owned by parent company, Middle Western Telephone Co., which will donate a portion to La Crosse Telephone Corp. and latter will use proceeds to retire outstanding preferred stock

Registration Statement No. 2-4717. Form A-2. (3-29-41)

MARMON-HERRINGTON CO., INC.

Marmon-Herrington Co., Inc., registered with SEC 150,000 shares common stock, $1 par value

Address—1511 W. Washington St., Indianapolis, Ind.

Business—An outgrowth of the truck department of the former Marmon Motor Car Co., company is engaged in the manufacture, assembly, sale of heavy duty trucks, Ford conversion units, tracklaying tractors, military combat vehicles and other special military equipment. Unfilled orders of company totaled $23,712,126 on Oct. 20, 1941, of which a large portion are for track-laying military combat vehicles of various types, the production of which is just getting under way

Underwriting—All of the 150,000 shares registered are already issued and outstanding, and are to be purchased from three selling stockholders by Brown, Schlessman, Owen & Co., Denver, Colo., at $8 per share. Underwriter may form an underwriting group for the stock

Offering—The shares will be offered to the public at a price of $10 per share.

Proceeds will be received by the three selling stockholders

Registration Statement No. 2-4873. Form A2. (11-1-41)

Effective 12:20 p.m., E.S.T., on Nov. 14, 1941.

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)

Effective—4:45 P.M., E.S.T., on Oct. 8, 1941 as of 4:45 P.M., E.S.T., Oct 6, 1941.

NORTHERN NATURAL GAS CO.

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

Address — Aquila Court Bldg., Omaha Nebraska

Business—Production and transmission of natural gas

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

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

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

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

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

PACIFIC TELEPHONE & TELEGRAPH CO.

Pacific Telephone & Telegraph Co. registered with the SEC 656,250 shares of common stock, $100 par value.

Address—140 New Montgomery St., San Francisco, Calif.

Business—Company and its subsidiaries provide telephone service in about 650 exchanges in California, Nevada, Oregon, Washington and northern Idaho, including San Francisco, Oakland, Berkeley, Sacramento, Portland, Seattle, Spokane, Tacome, Los Angeles, San Diego and Pasadena. Company is controlled by American Telephone & Telegraph Co.

Underwriters—No underwriters named in registration statement.

Offering—The 656,250 shares common stock will first be offered by company to its stockholders of record Dec. 1, 1941, through warrants at a price of $100 per share. The warrants will expire on Dec. 31, 1941. The unsubscribed portion of such shares will later be offered to the public, at not less than $100 per share. Further details as to the offering will be supplied by amendment.

Proceeds will be used to repay advances from the parent company, and any excess is to be used for plant extensions, additions and improvements, and for working capital.

Registration Statement No. 2-4879. Form A2. (11-6-41-San Francisco)

PANAMA COCA-COLA BOTTLING CO.

Panama Coca-Cola Bottling Co. registered with the SEC 33,750 shares common stock $1 par

Address—19-A Avenue Jose Francisco de la Ossa, Panama, R. de P.

Business—Engaged in business of bottling Coca-Cola and other carbonated beverages and in manufacture of ice-cream and ice, all of which are sold wholesale in the Republic of Panama and in the Canal Zone

Underwriters—Elder & Co., New York, is the sole underwriter

Offering—The shares will be offered to the public at $12.50 per share; underwriting commission is $2.50 per share

Proceeds—Will be used to increase the company's working capital

Registration Statement No. 2-4870. Form S-2 (New Form) (10-29-41)

PIERCE BUTLER RADIATOR CORP.

Pierce Butler Radiator Corp. has registered with SEC 120,000 shares 5% cumulative convertible preferred stock, $2.50 par value; and 120,000 shares of $1 par common stock, latter reserved for conversion upon issuance of the preferred

Address—701 Nichols Ave., Syracuse, N. Y.

Business—Engaged in manufacture and sale of heating boilers and radiators, steam heating and high pressure boilers, Unaflow engines, radiator valves, boiler gauges and thermometers

Underwriters—None

Offering—The preferred stock will be offered for subscription to stockholders, at par. Unsubscribed portion will be purchased by Max Kalter, director of company, on behalf of a syndicate which he represents. Subscription price is $2.50 per share

Proceeds will be used for payment of certain outstanding bank loans and notes

Registration Statement No. 2-4865. Form A1. (10-23-41)

ROHR AIRCRAFT CORP.

Rohr Aircraft Corp. registered with the SEC 200,000 shares of capital stock, $1 par value

Address—Chula Vista, Cal.

Business—Manufacture and sale of parts for aircraft pursuant to subcontracts with and purchase orders from Consolidated Aircraft Corp. and Lockheed Aircraft Corp.; parts manufactured are in following categories: cowling, power plant assemblies, boom doors and bomb rack adapters

Underwriting—Lester & Co., Los Angeles, Cal., is the sole underwriter

Offering—Of the 200,000 shares registered, 135,000 will be offered for the account of the company and the remaining 65,000 shares (already issued and outstanding) will be offered for the account of the owner thereof, Consolidated Aircraft Corp. Such 200,000 shares will be offered to the public at $4.40 per share; underwriting commission is 88 cents per share

Proceeds to company from sale of the 135,000 shares will be used as follows: $125,000 for contemplated advance payments to sub-contractors; $262,500 to discharge the unpaid portion of Federal income and excess profits taxes for fiscal year ended July 31, 1941; and $73,700 for increase of inventories

Registration Statement No. 2-4871. Form A1 (10-29-41—San Francisco)

SEVENTY-NINTH AND RACINE BUILDING CORP.

Lucius Teter, et al, voting trustees of Seventy-Ninth and Racine Building Corp., registered with SEC voting trust certificates for 2,961 shares of common stock, no par

Address—Trustees: 135 S. LaSalle St., Chicago

Business—The corporation owns and operates a commercial building consisting of stores, offices, and apartments, located at the southeast corner of 79th st. and Racine Ave., Chicago, Ill.

Offering—The voting trust certificates are to be issued to holders of corporation's common stock, under a proposal to extend the existing voting trust agreement, which terminates Nov. 23, 1941, to Nov. 23, 1951.

Registration Statement No. 2-4868. Form F1 (10-27-41)

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.,

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)

1061 ROSEMONT AVE. BUILDING CORP.

Lucius Teter, et al, voting trustees of 1061 Rosemont Ave. Building Corp., registered with SEC voting trust certificates for 5,029 shares common stock, no par, of the corporation

Address—Chicago, Ill.

Business—Corporation owns and operates an apartment hotel building in Chicago, Ill.

Offering—The voting trust certificates are to be issued under a plan to extend the life of the existing voting trust agreement from Dec. 9, 1941, to Dec. 9, 1951

Registration Statement No. 2-4882. Form F1 (11-7-41)

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio, Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,750 shares at $1.75 per share and 74,157 shares at $2, from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1. (8-27-41)

UNION LIGHT, HEAT AND POWER COMPANY

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

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

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

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

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

UNITED FUNDS, INC.

United Funds, Inc., registered with SEC 300,000 shares of United Income Fund Shares; and $8,000,000 principal amount of Stock Purchase Agreements covering periodic payments toward the purchase of United Accumulative Fund Shares previously registered.

Address—1420 Walnut St., Philadelphia, Pa. (executive office); Kansas City, Mo. (home office)

Business—Investment trust.

Underwriter—United Funds Management Corp.

Offering—The 300,000 shares of United

Income Funds Shares, will be offered to public at the prevailing market price

Proceeds for investment purposes

Registration Statement No. 2-4877. Form A1. (11-5-41)

UNITED WHOLESALE DRUGGISTS OF PITTSBURGH, INC.

United Wholesale Druggists of Pittsburgh, Inc., registered with the SEC 4,000 shares no par common stock

Address—6543 Penn Ave., Pittsburgh, Pa.

Business—Incorporated in Delaware on April 28, 1941, to engage in business of selling drug store merchandise

Underwriting—None

Offering—The 4,000 shares of commcu stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

Proceeds—Will be used for purchase of equipment, and for working capital

Registration Statement No. 2-4818 Form A-2. (8-22-41)

Effective—Oct 7, 1941 at 11 A. M., E.S.T

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.

WHITWORTH APARTMENT, INC.

Whitworth Apartment, Inc., registered with SEC 5,950 shares common stock, 25 cents par $74,375 First Mortgage 5% bonds, due Sept. 1, 1951; and $74,375 Second Mortgage Income Bonds, 6% Non-Cumulative Interest, due Sept. 1, 1961

Address—311 Securities Bldg., Seattle Wash.

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

Underwriters—None

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

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

WILLIAMS HYDRAULICS, INC.

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

Address—Alameda, Cal.

Business—Deep-sea dredging and manufacture of equipment therefor

Underwriters — Brown Hartwell Company

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

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

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

Effective—May 29 as of April 18, 19..

President Roosevelt Signs Road Bill, Urges Congress to Eliminate Non-Defense Items

President Roosevelt disclosed on Nov. 21 that he had signed the Federal Road Aid Act but only because it authorized appropriations for the construction of roads urgently needed for national defense. In letters to Senator McKellar (Dem. of Tenn.) and Representative Cartwright (Dem. of Okla), the President pointed out that the bill contained authorizations which do not represent "immediate requirements for our national defense" and requested that Congress eliminate them. Saying that the construction of access roads to military and naval reservations and defense industry sites and of flight strips for aircraft "represent immediate and genuine national defense needs," Mr. Roosevelt took exception to the authorizations for the so-called strategic network of highways and bridges, for off-street parking facilities, for reimbursement to States for road repairs and for surveys and plans. The President signed the bill on Nov. 19.

Final Congressional action on the $170,000,000 road bill was taken by the Senate and the House on Nov. 6 when a conference report was adopted. The original Senate bill, passed on Aug. 15, called for $195,000,000 but the House on Oct. 21 reduced the total authorization to $170,000,000.

This is the second defense highway measure to be passed by Congress; the first one calling for $325,000,000 was vetoed by President Roosevelt on Aug. 4 (noted in these columns Aug. 9, page 767).

The text of the President's letter incident to the signing of the bill, follows:

> I have signed S-1840, the purpose of which, as described in its title, is to authorize appropriations for the immediate construction of roads urgently needed for the national defense. While that is a correct description of certain of the authorizations, there are others to which I do not think it may be appropriately applied.
>
> The authorization for the construction of access roads to military and naval reservations and defense industry sites upon certification of the Secretary of War or the Secretary of the Navy as to their military or naval necessity, is unquestionably an authorization for the construction of roads urgently needed for the national defense.
>
> The Secretaries of War and Navy regard this authorization of primary importance and urgency. The Secretary of War also places in the same category the authorization for the construction of flight strips for the landing and take-off of aircraft. Under these authorizations, estimates of appropriation may be submitted and appropriations may be provided, in such amounts and for projects in such areas as will best meet our defense needs.
>
> As to the other authorizations in the bill, I am advised by the Secretaries of War and Navy that they consider them of only secondary importance. I concur in the view that, in the light of present conditions, these authorizations cannot properly be regarded as urgently needed for the national defense.
>
> The authorization of $50,000,000 for the so-called strategic network of highways and bridges does not represent, as compared with the authorization for access roads, an immediate defense need. Moreover, one-half of the amount authorized would be apportioned among all the States in accordance with the distribution formula of the Federal Highway Act, a formula that disregards what should be the sole objective of this legislation, that of providing highway construction in those areas, and in those areas only, where there is immediate need of such construction in the interest of our national defense.
>
> Not only does this authorization provide for the expenditure of $25,000,000 regardless of immediate defense needs, but it requires the Federal Government to contribute 75% and the States 25% of the cost of such highways and bridges as against the existing Highway Act provisions for an equal share of the cost of such construction.
>
> The authorization also permits the expenditure on such highways and bridges — with the Federal Government paying 75% of the cost—of any funds heretofore or hereafter made available for the Federal highway system, including, in part, secondary or feeder roads, the amount of such funds at the present time being, I am advised, approximately $67,000,000.
>
> The remaining authorizations for off-street parking facilities, reimbursement to States for repairs to roads under certain operating conditions, and surveys and plans, fail to find, I think, satisfactory justification for enactment upon any ground that they are immediately required in the interest of national defense.
>
> In spite, however, of the objectionable authorizations which this bill contains, I have felt constrained to give it my approval because of the authorizations which it provides for the construction of access roads to military and naval reservations and defense industry sites and of flight strips for the landing and take-off of aircraft. These two authorizations represent immediate and genuine national defense needs and I do not think that I would be justified in taking any action that would further delay the accomplishment of these objectives.
>
> I wish, nevertheless, to express my earnest hope that the Congress may find early occasion, in studying our national defense needs and the ways and means of meeting them, to eliminate from this enactment the authorizations to which I have directed attention as not representing immediate requirements for our national defense.

Some Year-End Tax Considerations

The Government provides, and expects you to use, certain legitimate methods of reducing your tax. This year they are especially worthwhile. If your income before taxes is $5,000, a $1,000 net tax loss will save you the equivalent of as much as over 10 days work ($136). If your income is $50,000, a $10,000 tax loss will save you a maximum of over 10 weeks of work ($5,805).

Short-term gains (profits taken on securities held less than 18 months) are taxed at the full rate. If you have already established short-term profits and did not have a short-term loss last year (which may be carried over in full, but not in excess of your 1940 net income), it might be wise to take some offsetting short-term losses. Likewise, if you have taken short-term losses, or have a carry-over loss, these should be used by taking short-term profits. This has the added advantage of establishing a higher tax cost for your securities in computing future profits or losses.

Long-term capital gains and losses are divided into two classes, those taken on securities held over 18 months, but less than 24, and those from securities held over 24 months. If your net taxable income is under about $20,000, you are taxed at the regular rate on long-term gains, but you report only a fraction of the actual amount—66⅔% if held less than 24 months, and 50% if over. Losses are treated the same way and are a deduction from ordinary income. If your income is over $20,000 a year, you are taxed, or credited, 20% or 15% of the actual amount, depending on whether your securities were held less or more than 24 months. Thus, the argument formerly advanced by individuals with substantial incomes that they could not afford to take large security profits is not at all necessarily valid this year. Just as an example, suppose an individual has held 2,000 shares of United Aircraft for several years, and has 20 points or $40,000 profit. If he sells now, his tax would be $6,000. The latter is equivalent to a decline of only three points in the stock.

In reviewing your tax position, long-term paper gains and losses should be considered in three ways:

1. As an offset to completed trades.
2. As a reduction of ordinary income.
3. As a means of reducing future tax liability. With higher taxes next year almost a certainty, and with the continued relatively favorable treatment of long-term security profits most uncertain, we urge you to consider the advisability of taking profits this year at a cost of as low as 15% or 20%.

To establish a profit you may sell and re-buy immediately at the same price. "Wash sales" for this purpose are quite legal. To establish a loss, you may not re-*purchase the same security for* 30 days, though you may purchase a similar one or another security of the same company.—*John H. Lewis, John H. Lewis & Co.*

SEC Allows Issuers To Designate Counsel To Act For Bidders In Competitive Cases

The Securities and Exchange Commission made public on Nov. 7 the following statement:

> In passing upon security issues offered for competitive bids, pursuant to the provisions of Rule U-50, promulgated under the Public Utility Holding Company Act of 1935, the Commission has observed that the respective issuers have designated counsel to act for bidders, with the provision that such counsel be compensated by the purchasers of the securities. In its opinion in the New York State Electric and Gas Corp. case (Holding Company Act Release No. 2807), the Commission stated that it was not convinced that this practice should be generally followed or commended. Accordingly, the Commission directed its staff to make a special study of the arrangement. A questionnaire was sent to investment bankers who have been members of bidding syndicates and to several life insurance companies.
>
> The preponderance of opinion, which was almost unanimous in the case of the large underwriters, favors the designation by the issuer of counsel to act on behalf of the bidders as the most practicable method of providing what they all regard as an essential service, and of avoiding the expense and confusion of unnecessary duplication of legal aids. Several of the firms admitted that it would be an improvement over the present method of appointing independent counsel, if a practicable means could be devised for choosing counsel who would be unassociated in any way with the issuer. In view of the fact, however, that most of the underwriters believe that the independent counsel should participate in the preparation of the various documents prior to filing, no practicable substitute for the present method of selection was forthcoming.
>
> The answers to the questionnaire indicate that the present practice has not led to a duplication of counsel representing the bidders. With respect to the problem of assuring that designated counsel would be acceptable to bidders, several of the letters stress the fact that issuers thus far have followed the practice of conferring on the subject of proposed counsel with the managers of the respective syndicates organized to bid on the proposed offering. Several underwriters express their belief that, since it is clearly in the interest of the issuer to appoint counsel fully acceptable to prospective bidders, issuers would, as a matter of course, take all necessary steps to insure designation of acceptable counsel.
>
> The majority of the life insurance companies which answered the questionnaire are of the opinion that the present method of selecting independent counsel to represent the bidders is not desirable. One or two of the companies object more strongly to the present practice than others. Most of the other companies take the position that they would prefer to select their own counsel, but they go on to say that they do not believe any other selection than by the issuer would be practicable.
>
> On the basis of its analysis of the replies to its questionnaire, the Commission has concluded that the existing practice of designation by the issuer of independent counsel to represent the bidders will be permitted to continue, but that adequate disclosure of such matters as the identity of the independent counsel and the proposed fees of such counsel to be paid by the successful bidders will be required and close scrutiny will be given to the reasonableness of such fees and to the relationship of the independent counsel to the issuer.

Australian War Loan Is Oversubscribed

The $325,000,000 (£100,000,000 Australian) cash and conversion loan was oversubscribed on the $110,500,000 cash portion by $20,000,000, it was announced in Canberra, Australia, Nov. 18, states the Australian News & Information Bureau, New York City. The cash loan was mainly earmarked for special war finance, the announcement said, pointing out that the oversubscribed amount will be accepted. Of the $237,000,000, maturing 4% loan, all but $22,000,000 was taken up at the 2½% short-term and 3¼% long-term rate. This represents a 90% conversion, it is pointed out, and further conversions are expected. The interest saving amounts to $1,625,000 annually.

SEC Renders Opinion On Indenture Trustees

The SEC made public on Nov. 14 an opinion of its General Counsel, Chester T. Lane, to the effect that a trustee under an indenture to be qualified does not have a conflicting interest under the Trust Indenture Act of 1939 solely by reason of the fact that it acts as trustee under another indenture for securities of an affiliate of the obligor. In announcing this the Commission said:

> The Act requires the Commission to issue an order refusing to permit the qualification of an indenture if the Commission finds that the trustee has a conflicting interest as defined in Section 310 (b). Section 310 (b) (1) provides that a trustee has a conflicting interest if it is trustee under another indenture under which any other securities of the obligor are outstanding. The opinion of the General Counsel is that the term "obligor" as used in the subsection does not ordinarily include persons affiliated with the obligor, and there is therefor no prohibition against trusteeship under indentures of both the obligor and an affiliate.

G. L. Harrison Heads N.Y. Defense Bond Sale

George L. Harrison, President of the New York Life Insurance Company, has accepted the post of Chairman of the Finance Group of the Greater New York Committee for the Sale of Defense Bonds and Stamps, it was announced by Lewis W. Douglas, Chairman.

Former President of the Federal Reserve Bank of New York, Mr. Harrison is in charge of organizing in the field of finance, management and employee-committees for the voluntary sale and distribution of Defense Bonds and Stamps by the use of the Payroll Allotment Plan and by other methods. His groups cover insurance companies, banking and investment houses.

Under the Payroll Allotment Plan, all employees from the Chairman of the Board of Directors to the office boy are given the opportunity voluntarily to allot part of their salaries each pay period for the purchase of Defense Savings securities.

Mr. Harrison's first step, said Mr. Douglas, will be to enlist prominent leaders in each of the divisions under him to serve as directors in organizing approximately 250,000 persons employed in the field of finance in the Metropolitan area.

Orvis Brothers Opens New Washington Office

The New York Stock Exchange firm of Orvis Brothers & Co. has opened a new office in the Woodward Building, Washington, D. C., as a further step in its expansion program which began with the opening of an office in Columbus, Ohio, on Oct. 20. Charles B. Quarles, previously resident manager in Washington for Mackubbin, Legg & Company, who are simultaneously closing their Washington office, will be manager of the new Orvis Brothers branch, which will conduct a business in stocks, bonds and commodities.

To Hear Richard T. Wood

Richard T. Wood, manager of the fidelity department of the American Surety Company of New York and the New York Casualty Company, will deliver an address on "Frauds and Embezzlements" before the New Jersey Conference of Bank Auditors and Comptrollers at a dinner meeting to be held today at the Downtown Club in Newark, N. J.

Our Reporter On "Governments"

Let's survey this increasingly critical situation in the short-term Government market objectively. . . . Let's analyze its implications—just as last week, we analyzed its causes. . . . And let's see what are the possibilities for (1) a continuation of the present downtrend in short-terms and (2) a slop-over of the weakness in short-terms into long-term Government obligations. . . .

To brief the argument at the start:

(1) The short-term market—including discount bills and Government notes—has been under steady selling pressure since mid-summer. The weakness lately has become obvious to all investors not only in Governments but in corporates and municipals, for these other markets are vitally affected by trends in the sensitive Government list. . . .

(2) Last week, for the first time, the selling pressure moved into the Government bond list. . . . Long-terms slipped off, not because of special incidents affecting this section of the market but because of the adjustments in short-term yields and the fears of investors that the decline in short-terms must be felt in the bond market. . . .

(3) At the moment, apprehension is widespread that a fundamental readjustment in interest rates is under way. . . . Professional traders are discussing the subject with more interest than at any time in recent years. . . . Comparisons between the situation in early 1937 and now are being made. . . .

(4) And now the question is will this trend in short-terms continue and will investors be forced to make drastic changes in their portfolio policies as a result. . . .

The Government's Power

Before going into this discussion, there is one point that must be made clear, that must be understood by all potential and present holders of securities—Governments, corporates or municipals. . . .

And that point is:

The Government, through the Treasury and the Federal Reserve System, can do anything it wants to do with interest rates.

If it so desires, it can keep them at their lows of 1941, or make them go lower. . . .

If it so desires, it can permit a relatively minor increase in short-term rates and allow some reflection of this upward adjustment in the long-term market. . . .

It's unnecessary to go into great detail on these positive statements, for all investors know the power that lies in the Administration—as far as money control is concerned. . . . Through the gold hoard, or through manipulating reserve requirements "downward," or through heavy open market operations, or through maneuvers with the social security funds or through changes in bank borrowing rates, etc., etc., the Treasury and/or the Federal Reserve can work profound changes in the money market setup. . . .

The question, then, is not the ability of the Government to keep short-term money rates down. . . .

The question revolves around the willingness of the Government to keep the money markets where they are—or were a few weeks back. . . .

Eccles' Attitude

Between the end of 1937 and mid-1941, there were definite indications of a wide split between the two top monetary authorities of the Government—Marriner Eccles, Chairman of the Federal Reserve Board, and Henry Morgenthau, Jr., Secretary of the Treasury. . . .

The tug-of-war started with the Reserve Board's insistence on doubling reserve requirements back in the spring of 1937; as a result of that move, the Government market went through one of the most severe breaks in its history. . . . The reversal in that policy came only after great pressure had been brought to bear on the Board by Morgenthau and his supporters. . . .

Again and again, we received reports from Washington during the years of 1937, 1938, 1939 and 1940, indicating that Morgenthau and Eccles were divided on the issue of "power" and at odds on the question of the level of money rates. . . .

Not until the inflation bugaboo became so obvious that Morgenthau could no longer ignore it, did he and Eccles come together again. . . . Now, for months, we've heard stories that the two men are working together. . . . That they've resolved their issues of contention and are intent on just one thing: financing defense without inflation. . . .

Are the stories of renewed friendship true? . . . No one knows, apparently. . . . But if they are true, it's probable that the rise in short-term Government yields is by design, not by accident. . . . For Eccles is reliably reported to be in favor of jacking up interest rates—at least moderately. . . . His feeling is said to be that the present low level is unjustified, too difficult to control, dangerous in an inflationary period. . . .

Get out the newspapers of last Jan. 2. Read the special report presented to Congress on New Year's Day by the Federal Reserve System. . . . And study not only the following quotation, but the sentences surrounding it:

"Because of the excess reserves, interest rates have fallen to unprecedentedly low levels. Some of them are well below the reasonable requirements of an easy money policy, and are raising serious, long-term problems for the future well being of our charitable and educational institutions, for the holders of insurance policies and savings bank accounts, and for the national economy as a whole."

A rise in short-term rates to the 1% level is big in terms of dollar losses to investors, of course. . . . But it's not major to the Government's advisers—especially if they believe that by hardening rates slightly, they can encourage investments and help avert inflation. . . .

Whether this action is effective or not is for you to decide . . . This column, entirely on its own, believes action affecting the money markets is not nearly as important as action affecting prices directly, influencing sales of defense bonds, etc. . . . But that's a personal opinion. . . . If Morgenthau and Eccles agree on hiking interest rates slightly, why interest rates will be hiked and kept there—and that will be all there will be to that. . . .

No Break

Remember this, though. . . . There won't be a wide-open break in Governments unless the whole setup goes completely awry. . . . There's no reason to expect Morgenthau to let his market slip out from under him, when he's faced with billions of dollars of borrowing during the coming months and years. . . . There's no justification for thinking our Government's monetary authorities have forgotten the magnitude of the financing task ahead and the importance of a stable market to the successful carrying out of this Herculean job.

What we're seeing now may be a temporary decline in short-term prices or an adjustment that may become permanent after a while. . . . Either way, the adjustment can be taken care of without much trouble. . . . Either way, holders of long-terms may continue investing on the basis of other considerations (i. e., how many of the new issues they intend to buy, what maturity schedule is best for their institution, what cash demands and loan demands they anticipate, etc.).

In fact, now that the short-terms have dropped so substantially, it would be logical to expect a steadier market on technical considerations alone. . . . Certainly, the approach of the next financing is having something to do with the market's current unsettlement, anyway. . . . And that factor will be out of the way soon. . . .

Inside The Market

Big financing due in December, experts feel, despite fact that Morgenthau is raising $50,000,000 net weekly through sales of discount bills. . . .

Report is maturity of new issue may fall in intermediate range, adding another angle to recent weakness in shorts and intermediates. . . .

Most recent issue of Treasury bills was awarded at decidedly stiffer rates. . . . Highest since 1937, in fact. . . .

Talk around that Reserve Banks may establish special Treasury bill loan rate, to help establish Treasury bill as a money market instrument and to permit dealers to build up positions in them. . . .

Boost in premium rates by leading life insurance companies will permit these institutions to buy more Government bonds without worry. . . . One reason boost was not opposed by Government authorities, it is said. . . .

A. O. Van Suetendael To Be Exchange Member

YONKERS, N.Y.—A. O. Van Suetendael will acquire the New York Stock Exchange membership of Clarence H. Young as of Dec. 4th. Mr. Van Suetendael is the senior partner of A. O. Van Suetendael & Co., 20 South Broadway; associated with him are Innes Getty and Elizabeth P. Van Suetendael.