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Southern California Dealers Strongly Oppose "Equalization Clause" Amendment

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—The tide of opposition to the proposed so-called equalization clause amendment to the Securities Exchange Act of 1934 is high and rising in southern California. The subject has been much under discussion here during recent weeks, and arrangements have been made to have a representative in Harry B. Wyeth in Washington when the current hearings on the proposed amendments reach the point of giving consideration to this particular suggested revision.

A group of dealers composed of R. J. Eichler, Carey S. Hill, Harvey Roney, Nelson Douglass, and Sherman Asche have taken the lead in getting this matter before the dealers of this section, and the response has been most satisfactory.

On Nov. 15 these individuals, acting as individuals only, drafted a letter on this subject to investment dealers in southern California in which the situation is explained and dealers urged to give the matter serious consideration.

A copy of the letter follows:

Hearings are now going on before the Interstate Commerce Committee of the House of Representatives at Washington concerning proposed amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934.

Certain of these amendments deal with changes in the Act particularly concerning the underwriting of new issues of securities and these are ably sponsored by the Investment Bankers Association and the National Association of Securities Dealers, Inc. There is, however, one proposed amendment to Section 16 of the Exchange Act particularly sponsored by the New York Curb Exchange, which is in our opinion very inimical to the future of the investment business as a whole.

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OUR REPORTER'S REPORT

The action of Secretary of the Treasury Morgenthau in raising the proportions of his projected new money borrowing from $1,000,000,000 to $1,500,000,000 overnight carried the suggestion to some students of the government market that institutional buyers probably will be accorded a choice of two maturities.

It had been the more or less general supposition that the new issue would be set to appeal chiefly to the major insurance companies which are partial to long-term loans with a reasonably attractive coupon.

But raising of the total to be borrowed has caused a revision of such ideas and it is now quite widely anticipated that the new undertaking will be directed toward the banks as well. The latter as is generally known, are partial to short and intermediate maturities.

The set up of the Bank of the Manhattan Company's portfolio, as disclosed at this week's annual meeting of stockholders, is interesting in regard to government paper.

That institution reported it held on Nov. 15, $170,700,000 of Treasury obligations with an average maturity of eight years and three months. Of these 44% mature in less than five years, 13% in five to ten years and 43% after ten years.

Even should the Treasury decide upon an intermediate term issue, however, it is not expected now that such a bond will run for less than 12 years.

Some Prevailing Ideas

Gauging their ideas in keeping with prevailing market conditions, as reflected by outstanding U. S. Government issues, and recognizing the desire of the Treasury to

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Defense Awards To Under-Industrialized Areas Increasing, Says Conference Report

Government contracts for defense materials and industrial facilities are more widely dispersed geographically than in the early months of this year, according to a study prepared by the Division of Industrial Economics of The Conference Board, New York. Following is the Board's analysis issued on Dec. 3:

An increasing proportion of these contracts has been placed in the South and in other areas outside the heavily industrialized regions in the past few months. The cumulative total of defense contracts placed in the West South Central region increased from less than $300,000,000 at the end of March to $1,100,000,000 at the beginning of October. Awards in Oklahoma advanced from $20,000,000 to $300,000,000. Those placed in Texas rose from $220,000,000 to almost $650,000,000.

The West North Central region has also benefited from the trend toward decentralization. It now has $1,400,000,000 in contracts, as against slightly less than $500,000,000 in March. Awards placed in Kansas total $320,000,000, as compared with less than $50,000,000 at the end of March. Minnesota's awards have increased from $15,000,000 to $150,000,000; Iowa's from $65,000,000 to $162,000,000; and Nebraska's from $20,000,000 to $187,000,000. Missouri leads all states in this region with contracts of about $550,000,000.

Regional Distribution of Awards

The most marked decrease in the proportion of contracts received occurred in the Middle Atlantic area, whose share of defense contracts dropped from 31.3% in March to 26.8%, at the beginning of October. There was only a slight decrease in New York, from 11.3% to 10.8%, but in New Jersey there was a decrease from 10.9% to 8.9%, and Pennsylvania's share fell from 9.2% to 7.1%.

The cumulative regional allocation of defense contracts, in percentages of total contracts awarded, has been as follows:

Region—	To Sept. 27, 1941	To Mar. 31, 1941
Middle Atlantic	26.8	31.3
Pacific	18.4	15.8
East North Central	16.4	15.3
New England	10.8	14.4
South Atlantic	11.0	13.3
West North Central	6.9	3.8
West South Central	5.6	2.3
East South Central	2.7	2.5
Mountain	1.4	1.2

Wider Dispersal of New Defense Plant

Contracts for new defense plant and facilities are also being more widely dispersed. In the early months of the defense program most of these awards went to states in the interior, particularly in the East North Central and West North Central area. Early in 1941, these

(Continued on Page 1320)

Says Utilities Have Developed Rate Structure Rendering Them Virtually Depression-Proof

By W. Truslow Hyde, Jr.

Between the spasms of their growing pains on which the public has focused its attention in recent years, the utilities have developed a rate structure which imparts stability to income and renders them practically depression-proof.

Rates charged by the utilities, under the supervision of regulating authorities, are based on three main considerations—cost of production, the use to which the energy is put, and the amount consumed. Industrial users are granted extremely low rates, due in part to competitive factors and in part to the large volume they require. In most cases, industrial power contracts contain fuel clauses under which the rate is automatically increased to compensate for a rise in fuel costs. Since one-half to two-thirds of the energy generated is sold to industrial consumers, this clause provides an important protection against the effect of higher costs on this large but relatively low profit margin business.

The backbone of the utility industry, from an earnings standpoint, however, is commercial and domestic consumption. Rates for these types of services are much higher than for industrial power and vary in accordance with local cost conditions. In general, however, there is a minimum monthly charge regardless of the amount of energy used; but, once the initial block has been consumed, progressively lower rates apply to any additional volume. These promotional rates, which have been largely responsible for the increased use of electrical appliances in recent years, result in charges on the last unit sold of as little as one-third the initial rate.

The effect of this rate structure during a period of business depression is to maintain utility income at a far more stable level than the unit output. Since industrial power provides only about 30% of utility revenues compared with one-half to two-thirds of unit volume, the loss of a large part of this low profit margin business during a period of industrial depression would not reduce earnings proportionately. Domestic and commercial demand is far less variable, but even here the utility company

(Continued on Page 1323)

N. S. Chadwick Joins Nat'l Sec. & Research

Nathaniel S. Chadwick, since 1932 an executive in the personal trust department of Manufacturers Trust Company of New York, has joined the staff of the economics and investment department of National Securities and Reseach Corporation, 1 Cedar Street, New York City, it was announced by Fred R. Macauley, directing economist of the corporation.

Mr. Chadwick, who has had 26 years' experience in securities, will work in an executive capacity with respect to the selection of securities for the corporation's various funds. He started his career with Hornblower & Weeks, members of the New York Stock Exchange, in 1915, and between that time and 1931 he was with various stock exchange and investment banking firms, including Henry Clews & Company, Walker Brothers and Cowen & Company, and was a partner in his own securities firm. In 1931, before he he became associated with Manufacturers Trust Company, Mr. Chadwick was with Standard Statistics Company as a member of their bond supervisory committee.

Ins. Stock Looks Good

Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, California, has just issued an interesting circular describing the current situation in securities of Globe & Republic Insurance Co., Firemen's Insurance Co. of Newark, American Insurance Co. of Newark, Baltimore American Insurance, Paul Revere and Gibraltar, which are particularly attractive at this time. Copies of the circular, which should be of great interest to dealers, may be had upon request.

Treasury To Reduce Weekly Bill Offerings

Secretary of the Treasury Morgenthau announced Nov. 28 that beginning Dec. 10 the Treasury would reduce the amount of its weekly sale of 91-day Treasury bills from $200,000,000 to $150,000,000.

The weekly bill offering since the middle of November has been $200,000,000, with the Treasury receiving $100,000,000 in "new money" after paying off $100,000,000 of maturing bill issues. For four weeks previous to that time the Treasury had been selling $150,000,000 worth of new bills. This latest reduction was made in view of the latest large Treasury cash borrowing.

Secretary Morgenthau had revealed at his press conference on Nov. 27 that the Treasury plans to borrow $1,500,000,000 of "new money" in the market, probably this week and that it will undertake $1,075,000,000 refunding operations during January. Mr. Morgenthau explained that the reasons for separating the cash offering from the refunding offering was that the question of rights to new issues would not become mixed up with cash offering and that the securities might be better priced. The refunding to be undertaken in January will consist of the refinancing of the $426,000,000 principal amount of Treasury notes, plus a number of government agency maturities.

The results of the offerng on Nov. 28 of $200,000,000 of 91-day Treasury bill, dated Dec. 3 and maturing March 4, 1942, were announced on Dec. 1 by Secretary Morgenthau, as follows:

Total applied for	$468,160,000
Total accepted	200,156,000
Range for accepted bids:	
High	100.
Low	99.930
Equivalent rate approximately	0.277
Average price	99.939
Equivalent rate approximately	0.242%

(79% of the amount bid for at the low prices was accepted.)

There was a maturity of a similar issue of bills on Dec. 3 in amount of $100,369,000.

Lord & Morris In N. Y.

Albert C. Lord and Harold T. Morris have announced the formation of Lord & Morris, Inc., with offices at 31 Nassau Street, New York City, to deal in United States Government bonds. Mr. Lord, President and Treasurer of the new firm, was in the past Manager of the Syndicate Department of Lee Higginson Corp. and more recently was in business for himself as financial consultant. Mr. Morris, Vice-President and Secretary of the new organization, for the past 12 years, has been with Wood, Walker & Co.

Annual Christmas Fete For Seattle Bond Traders

SEATTLE, WASH.—The Seattle Bond Traders Club announces that the annual Christmas party will be held in the Mural Room of the Mayflower Hotel on Friday, Dec. 19, 1941, at 6 p.m. Tickets are $4.50.

Morgan Stanley & Co. Will Be Partnership

Morgan Stanley & Co. Incorporated, New York investment bankers, announced on Nov. 27 that it will dissolve before Jan. 1 and form a partnership under the name of Morgan Stanley & Co. The firm's announcement states:

Morgan Stanley & Co. Incorporated announces that it will dissolve prior to Jan. 1, 1942.

Harold Stanley, Henry S. Morgan, Perry E. Hall, John M. Young, Allen Northey Jones, Edward H. York, Jr., Alfred Shriver and Sumner B. Emerson announce that they are forming a partnership under the name of Morgan Stanley & Co., in which they will be general partners. William Ewing and Henry S. Morgan will be limited partners.

According to the New York "Times" of Nov. 28, Mr. Stanley, in commenting on the change in the set-up, said:

"We think that we can be more effective as a partnership than as a corporation because the former type of organization opens up several avenues of activity that have been closed to us as a corporation."

The formation of Morgan Stanley & Co. Inc. to engage in the underwriting and wholesaling of investment securities was noted in these columns Sept. 7, 1935, page 1526, and as was stated therein it was organized by a group of partners and staff members of J. P. Morgan & Co. of New York, and Drexel & Co. of Philadelphia, to carry on the securities business formerly handled by the two private banking firms.

Now Stanley Heller & Co.

Heller & Levenson, members of the New York Curb Exchange, 30 Pine Street, New York City, announce that their firm name has been changed to Stanley Heller & Co.

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Meyer & Gordon Join Harris, Lamoreux Co.

SEATTLE, WASH.—Fred Meyer, Jr. and Paul H. Gordon are now associated with Harris, Lamoreux & Norris, Inc., Hoge Building, in their newly opened trading department. Mr. Meyer was formerly manager of the trading department of Dagg & Co. and prior thereto was an officer of Meyer, Leggatt & Co. Mr. Gordon was also formerly with the trading department of Dagg & Co., Inc., and in the past was in business in Seattle as Paul Gordon & Co.

New Cgo. Office For Huff Geyer & Hecht

CHICAGO, ILL.—Huff, Geyer, & Hecht, Inc., dealers in insurance stocks, announce the opening of an office here in the Field Building, at 135 South La Salle Street, to facilitate trading transactions and sales cooperation with investment houses in the Middle West. Corwin L. Liston, of the firm's New York office, will be in charge temporarily.

Manning & Shanley To Be Formed In Newark

NEWARK, N. J.—John E. Manning and F. Sheppard Shanley will form the New York Stock Exchange firm of Manning & Shanley here on Jan. 1. Mr. Shanley will acquire the Exchange membership of Jon W. Foster, a partner in Paine, Webber & Co., which will continue as a member firm.

Mr. Manning has been a partner in Nugent, Igoe & Manning and prior thereto was a partner in Hirsch, Lilienthal & Co.

Tomorrow's Markets Walter Whyte Says—

The market still appears asleep, but despite that fact and notwithstanding all the moaning, the time has come to buy, not sell; that the market itself seems to be saying; detailed recommendations follow.

By WALTER WHYTE

When one considers the government warning to save paper and stuff, it seems unpatriotic to mar this nice clean white space with remarks about a market that can't get up on it's elbow long enough to even yawn. Still with everybody going around looking like the wife's relatives have settled down for nice long visits, it doesn't seem disloyal to devote some space to what is laughingly, and in some circles even sneeringly, referred to as the Stock Market. Who knows, it might even boost morale.

* * *

Strange thing about this market. Everybody—well almost everybody—agrees that stocks are cheap. Anyway they're not too high. But that, so far as I can see, is the limit of the interest.

* * *

Let a company come out with a fancy earning statement, and what happens? The stock goes off a couple of points. Even a suprise dividend doesn't seem to stir the market out of it's lethargy. True, occasionally such a dividend has a hypodermic effect on the individual stock but before anybody can show enough interest to write out a "Buy" slip the whole thing is over and the stock joins the rest of the list in it's peaceful slumber.

* * *

In the face of all this it is not surprising that few people care a hoot about what stocks do or don't do. After all one

(Continued on page 1324)

"JOTTINGS"

Look for a real decline in steel operations due to scrap shortage soon. They might go as low even as 90%. It's been "wolf, wolf" but this time it's real. And very little can be done about it. They're trying to raise 1,500,000 tons from farmers, but that's against annual needs of 54,000,000 tons, of which 28,000,000 must be "purchase scrap." Henderson is again besieged with committees asking for various changes (upward) in scrap prices in addition to those he belatedly allowed on Aug. 8, but even that won't bring in enough. The cost of scrap is mostly labor and freight. Then there will be patriotic scrap collection programs, but it's tough going to make them defray costs.

Among the results will be complete allocation of available scrap. Already dealers are being ordered to send to certain mills; soon they will be also ordered not to send to others. The "others" will be non-defense plants.

That won't do steel earnings any good. If you look at the third-quarter results, the poorest comparisons with 1940 were the companies with the biggest proportion of government business.

This allocation, in turn, may make possible considerable economies in avoiding cross-hauls.

Incidentally the shortage will throw a curious light on the New Deal program of expanding steel capacity at this time. There'll be more capacity but less in operation.

Official airplane figures are going black-out; those you see now are bootleg or unofficial guesses. Such as round 2,200 planes output in November. Even-dollar figures on sales and backlogs are now frowned upon—not lest Axis spies get them, but lest labor make too much of them, for wage scales in much of the industry are still below the level of the motor industry and aviation executives don't want to be pushed too fast in upward adjustments.

Chief worries of the industry now are (1) the Vinson bill to limit profits (nominally to 7%, in effect to something nearer 3); and (2) the post-war outlook. Colonel Jouett of the Aeronautical Chamber estimated post-war sales at round $600,000,000. That's nearly three times the previous 1939 peak, but would compare with prospective 1942 sales of $3,500,000,000.

The Vinson bill has very slim prospects indeed, however.

The Army is going into gliders under pressure. Remember that a towed glider-transport is different from a motorless sail-plane for sport. The latter must be unstable enough to catch every little thermal air current; the army glider must ride steadily through them.

Almost everybody in Washington, as here, thinks the Steelman Board just a device for giving Lewis his closed shop. But your jotter is more impressed with the small minority who argue that Lewis was licked and the device is to save his, not the President's face. More important in his frustration than having 70% of the public passively against him was the cold shoulder of the CIO Detroit convention, albeit expressed chiefly in hostility to his brother Dinnie. Steelman is privately against the closed shop despite his award a few years ago in the Appalachian case. And for years he has built up prestige with employers for the Labor Department's Conciliation Service after it had degenerated into a pension plan for old union men; this prestige would go out the window if he voted for the closed shop.

On the other hand even though *some* labor legislation is sure, it won't be much. The House Labor Committee, which has long blocked it, feels that anything "drastic" would bring on widespread strikes, etc. (which hardly speaks well for the temper of labor). Employer witnesses say that Britain has had comparatively little labor trouble recently compared with ours not merely because British labor has more power but because it has more *responsibility*. By law, for in-

(Continued on Page 1319)

Seattle Bond Club Will Hold Xmas Party Dec. 13

SEATTLE, WASH.—The Seattle Bond Club will hold its Christmas Party on Dec. 13th at the Washington Athletic Club. A great time is promised to all attending by Burle D. Bramhall, Bramhall & Stein, President of the Club.

A. E. Aub In Cinti. 30 Years

CINCINNATI, OHIO — A. E. Aub & Co., which recently moved from the Dixie Terminal Building to the Union Trust Building, are celebrating the firm's 30th anniversary in business under single management.

J. H. Ottmann To Manage Bank of Montreal In Cgo.

CHICAGO, ILL.—The Bank of Montreal has announced the appointment of J. H. Ottmann as the Manager of its local office, 29 South La Salle Street, in succession to Angus MacPherson, who has been promoted to the position of Superintendent of the bank's branches in Manitoba and Saskatchewan, with headquarters in Winnipeg.

Securities A Buy

Strong resemblances exist between the situation today and in the late 1920s—only in reverse.

Fanatic optimism, for instance, in the 1928-29 period when the immediate future promised only sunshine and roses compares with the rather fanatic pessimism of today when the immediate future threatens only hell fire and brimstone. The fallacy a decade or so ago was that the viewpoint wasn't focused far enough ahead—and the same situation is probably true today.

In the heyday of the late 1920s, each time a corporation decided to close down a plant or two, or to knock a day off the work week because of dwindling orders, its stock was jazzled up anywhere from 1 to 10 points, yet today when a corporation announces receipt of a large order or when a dividend is declared, its stock sinks into a little deeper rut.

Stocks yields today of 8, 9 and 10% and bond yields of 2 and 2½% are commonplace, yet in 1929 the reverse was true. Volume of dealings today averages a paltry 500,000 shares to 800,000 shares compared with 5,000,000 to 8,000,000 shares in 1929—remember the 16,000,000 share day in October 1929? Brokers loans in 1929 reached a high of about $8,-500 millions and the total market value of all listed stocks was about $89,670 millions, a ratio of loans to market value of about 9.5%. Today brokers loans stand at around $444 millions and the market value of all listed stocks at around $39,060 millions, a ratio of about 1.1%.

If the foregoing doesn't mean anything, ask any representative group of persons of moderate means today to jot down on a piece of paper (1) how much their debit balances were in 1929 and how much bank balances were at that time and (2) what their debits are today and their bank balances. We dare say that if there were debits of $100,000 and bank balances of $10,000 then, today there would be bank balances of $100,000 and debits of $10,000. Is it possible to obtain any greater degree of contrast?

Periods of accumulation in the stock market are even more tedious affairs than are the periods of distribution, but both wear down even the most stouthearted. The thing to remember is that nothing counts in the end except the final results.

Nothing could perhaps be more illuminating to the average investor than to observe the present collective temper of the British.

The British investor has already passed that intermediate state where souls are made fit for paradise by expiatory suffering and upon emerging from this state there is one thing quite clear—and that is that he started clearing out of cash and moving into equities and has been doing so ever since. As a result, the London index of industrial stocks presently stands around 104.7 some 5 points above its previous war high, contrasted with the Dow Jones industrial index of around 115, or roughly 40 points under its previous war high.

We dare say that when the American investor emerges from the present state of "financial hell,"—as he must some day—his psychological behavior will be similar to that of the British—the only difference might be that he may act with much less restraint and with much more gusto, in keeping with the true characteristic American temperament—*G. Y. Billard, J. R. Williston & Co.*

Cinti Traders To Hold Xmas Party & Election

CINCINNATI, OHIO—On Friday, Dec. 12, the Cincinnati Stock and Bond Club, Inc., will hold their annual Christmas party and election of Trustees. In the past, this has been the outstanding event of the season; the Entertainment Committee has made special efforts this year and believes that the affair on Dec. 12 will be better than any previous party. A large out-of-town attendance is expected.

Dinner will be served at 7:00 p.m. and will be followed by an elaborate floor show. Other entertainment features have been arranged to conclude the evening. Subscription fees are $5.00 for members and $7.50 for non-members. Reservations may be made with Harry O'Brien, Chairman; Katz & O'Brien, Carew Tower; George Eustis, Geo. Eustis & Company, 18 E. Fourth Street, or Max Kaplan, A. & J. Frank Company, 1027 Union Trust Building.

The Nominating Committee has placed the following in nomination: Chas. A. Hinsch, Chas. A. Hinsch & Co., Inc.; Paul W. Glenn, Edward Brockhaus & Co.; Fred Korros, Westheimer & Co.; George H. Phillips, W. L. Lyons & Co.; Herman B. Cohle, H. B. Cohle & Co.; F. J. Lynch, P. E. Kline, Inc.; Robert W. Thornburgh, The W. C. Thornburgh Co.; Chas. H. Snyder, J. E. Bennett & Co., Inc.; George Eustis, George Eustis & Co.; John E. Joseph, John E. Joseph & Co.; George H. Kountz, Einhorn & Co.; Max Kaplan, A. & J. Frank Co.; James E. Madigan, W. E. Fox & Co., Inc.; Edward F. O'Connor, Pohl & Company, Inc., and Arthur V. Katz, Katz & O'Brien.

Of these candidates, 10 Trustees will be elected on the night of the party. The officers for the ensuing year will be selected from the newly elected list of Trustees.

Memberships Seat Sales

Arrangements were made on Nov. 27 for the transfer of a New York Stock Exchange membership at $22,000, unchanged from the previous transaction on Nov. 19. This sale represents the seventh transaction during the month of November, $20,000 being the lowest and $23,000 the highest sale price.

On Nov. 26, a seat on the Chicago Board of Trade sold for $275, on Nov. 28 a transaction took place at $200, and on Dec. 2, another seat was sold for $175. These prices are the lowest in more than 60 years. In 1929, when trade was flourishing on the big grain market, seats sold as high as $62,000.

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. — **Frank D. Cyr** has become connected with **Weston W. Adams & Company,** 20 Kilby Street. In the past Mr. Cyr was with J. A. C. Norris & Co.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Benjamin W. Currier** has become associated with **John G. Cronin,** 75 Federal Street. Mr. Currier was formerly with Walter S. Place & Co., and prior thereto was proprietor of Wincott & Co., and was Sales Manager for Mills & Co. In the past he was in business as B. W. Currier & Co.

(Special to The Financial Chronicle)
BOSTON, MASS.—**John A. McKinnon** has been added to the staff of **Trust Funds, Inc.,** 89 Broad Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Harry A. Gottlieb** has become affiliated with **Winter & Hirsch, Inc.** Mr. Gottlieb was formerly with Standard Bond & Share Co. and Commonwealth Stock & Bond Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Edward Mizel** has joined the staff of **Arthur H. Wyatt,** whose main office is located in the Guaranty Building, Indianapolis, Ind. In the past, Mr. Mizel was with Anderson, Plotz & Co. and W. J. Brons & Co., Inc.

(Special to The Financial Chronicle)
CINCINNATI, OHIO—**Randolph F. Matthews,** formerly with Westheimer & Co., has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** Union Trust Company Building.

(Special to The Financial Chronicle)
CLEVELAND, OHIO — **George Dana Cameron** is now with **Paine, Webber & Co.,** Terminal Tower Building. Mr. Cameron was formerly with Otis & Co. in Columbus, and prior thereto was with the local office of Jackson & Curtis. In the past he was connected with the Ohio Division of Securities.

(Special to The Financial Chronicle)
GRAND RAPIDS, MICH. — **Perry H. Everett** has been added to the staff of **Bradbury-Ames Co.,** Grand Rapids National Bank Building.

(Special to The Financial Chronicle)
HARTFORD, CONN.—**Coleman R. Flynn** has become associated with **Coburn & Middlebrook,** 66 Pearl Street. Mr. Flynn was previously with Craigmyle, Rogers & Co. of New York, and prior thereto with R. H. Johnson & Co.

(Special to The Financial Chronicle)
INDIANAPOLIS, IND.—**Orville B. Newcomb** and **Lewis C. Ruth** have been added to the staff of **Arthur H. Wyatt,** Guaranty Building.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Ruth E. Tay** has joined the staff of **Protected Investors of America,** whose main office is located in the Russ Building, San Francisco. Miss Tay was formerly Assistant Secretary of the Morrison Bond Co., Ltd.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Fred L. Meyer** and **Silas H. Wheeler** have become connected with **Fairman & Co.,** 650 South Spring Street. Mr. Meyer was formerly Manager of the Trading and Statistical Departments for William H. Mann & Co., and Mr. Wheeler was with Adams-Chadwick Co.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Joseph Sattler** is now affiliated with **Pledger & Co., Inc.,** 650 South Spring Street. Mr. Sattler was formerly with Morton Seidel & Co.

(Special to The Financial Chronicle)
NEW HAVEN, CONN.—**Kingsley M. Whitcomb,** formerly with Satterfield & Lohrke of New York, and the R. F. Griggs Company, and **Kennedy B. Bailey,** previously with W. E. Burnett & Co. of New York, have become associated with **Fahnestock & Co.,** 205 Church Street.

(Special to The Financial Chronicle)
SANTA BARBARA, CALIF.—**Claude Kavanaugh** has become connected with **J. Russell Cottam,** 488 Lilac Drive.

(Special to The Financial Chronicle)
SPRINGFIELD, MASS.—**George H. Mead,** formerly Manager of the Trading Department for Seybolt & Seybolt, Inc., has become associated with **F. L. Putnam & Co., Inc.,** 1387 Main Street.

(Special to The Financial Chronicle)
TULSA, OKLA.—**C. R. Briggs** has joined the sales staff of **Edwin B. Patterson & Co.,** Kennedy Building.

(Special to The Financial Chronicle)
WAUSAU, WIS.—**John E. Garland** is now connected with **Holley, Dayton & Gernon,** 120 South La Salle Street, Chicago, Ill. Mr. Garland was formerly Local Manager for Loewi & Co. and Grieb & Erickson, Inc.

(Special to The Financial Chronicle)
WINFIELD, KANS. — **H. C. Young** has become affiliated with **Thomas Investment Co.,** First National Bank Building.

Monthly Utility Guide

T. L. MacDonald & Co., 29 Broadway, New York City, issue monthly a statistical guide of 126 dividend-paying public utility preferred stocks with income yield to average over 6% and containing a current suggestion of an issue which they consider has early appreciation possibilities, greatly enhanced security value and increased dividend protection. This guide should prove particularly interesting in view of the fact that investors, according to T. L. MacDonald & Co., are more than ever interested in preferred stocks of operating public utilities, rather than common stocks, because increased taxes will not disturb the dividends on the preferred stocks. Copies of the guide may be had from the firm upon request.

Parsons & Co. In Buffalo

BUFFALO, N. Y. — Bertram Parsons announces the formation of Parsons & Company, Liberty Bank Building, to continue the general investment business formerly conducted by Kranz and Parsons, which was dissolved as of Nov. 29th. Mr. Parsons will be proprietor of Parsons & Company.

Tainter To Be Pell Partner

Davies Tainter has been proposed as alternate on the floor of the New York Stock Exchange for Harold R. Sweet, partner in Pell & Co., 14 Wall Street, New York City, and will become a partner in the firm as of today.

To Be Jacobson Partner

Fred W. Hilfiker will acquire the New York Stock Exchange membership of John P. Cronin, a partner in Benjamin Jacobson & Co., 61 Broadway, New York City, and will become a member of the firm on Dec. 11th.

N. J. Bond Club Annual Xmas Party For Dec. 20

The Bond Club of New Jersey will hold its annual Christmas party on Saturday, Dec. 20, at the Down Town Club in Newark, N. J. Members and their guests will be served a buffet lunch from noon until 3 p.m., which will be followed by the traditional disbursement of Bond Club Christmas Syndicate dividends—turkeys, game birds, beverages, etc.

UP-TOWN AFTER 3

Rainbow Room (Rockefeller Center) has a new show featuring **Russell Swann**, that ex-customer's man who found out that pulling rabbits out of hats, and cobras out of baskets gets him more cash customers than pulling stocks out of manuals. Swann isn't an ordinary magician. He doesn't seem to take his work too earnestly or his audience too seriously. For even while he flabbergasts his audience he seems to be standing aloof and kidding the whole thing. More likely than not he may suddenly shoot off a pistol and yell, "No sleeping in this act!" And if you don't think the **Rainbow Room** crowds eat it up drop in and see for yourself. Top billing goes to **Ruth Page and Bentley Stone**, a pair of graceful and accomplished dancers. One of their numbers consists of a satirical version of a dancing couple intent on impressing their audience with their individual ability. The looks of impatience, scorn, derision and disgust they cast at each other while going through various steps is one of those bubbly things that have to be seen to be appreciated. Another featured performer is **Betya Milskaya** who sings with a charming foreign accent. Dance music is provided by **Matty Malneck** while the rhumba rhythms are beaten out by the **Valero Sisters** and their band. Dinner at the **Rainbow Room** starts at $2.50; cocktails from 50c. There is a cover charge of $1 on week days and $2 on Saturday nights. Dinner guests are charged $1 cover on Saturday nights if they stay after 10 p.m. . . . **La Conga's (51st, E. of B'way)** new show is headed by the facile faced **Emile Boreo**, a comedian with a fine singing voice and a strong sense of caricature who knows how to make his audiences yell for more. Others on the program are **Carlos & Carita**, a diminutive pair of fast Latin dancers; **Toni Lane**, a swing singer; **Gil Johnson**, a tap dancer who is featured in the Broadway musical, "Best Foot Forward," and a line of beautiful girls who are really something to look at. Dance music is provided by **Jack Harris** and **Noro Morales**. After ten a minimum of $2 (food or drink). On Saturday and holiday eves it's $2.50.

DOING THE TOWN (OR A HUNTING WE GO)

Being the scientific explorer that I insist I am, though others jealously refer to it as something else, I am always in search of places with atmosphere. So when Mr. Sherwood, publicist of the **Penthouse Club (30 Central Park South)** insisted that the place had all the ingredients I was looking for I decided to drop in and report my findings to a no doubt waiting and breathless public. The first person I met was **Mr. Stone**, who before he became the owner of the **Penthouse** was at one time the **President of the Erie Railroad**. He introduced me to **Domenique**, the head waiter, as handsome a guy as I have seen in a long time. He in turn steered me to **George**, custodian of the bar. George and I became fast friends at once. We both argued the ills of the world until I began to feel a little dizzy. I later attributed this to the soda in that sixth (or was it seventh) Scotch. Didn't agree with me. But being mindful of my duties as your reporter I disregarded these symptoms and set off to see what was what. The **Penthouse** is a longish room with a bar on one side and a huge woodburning fireplace on the other. Up a few steps there is a small glass enclosed balcony which overlooks the lights of Central Park. The tables on this balcony get their light from candles. The whole thing seems conducive to the beginning of what may be the start of a beautiful friendship. Having seen that, I now headed for **Paul Taubman**, the man with the small mustache who makes with the music—piano and Solovox. We discussed the weather with great thoroughness and then he asked me to make a record. By this time I would have made anything. So Paul opened a complicated machine, the kind you talk, sing or play into and in a few moments it talks, sings or plays right back at you. Uncanny. Scared hell out of me. To put me at my ease Paul said "Hello." Not being fazed I said hello right back. Then we sang. At this point others in the Penthouse came over. So we all sang. There was one voice that smelled. The others kept looking at me but I knew it wasn't mine. I was in perfect voice. Later I discovered my assistants in this musicale were a gorgeous black haired Latin girl called **Mele Sidera** (if that isn't the right spelling, sue me!), the aforesaid **Mr. Sherwood** and **Rasha** and **Mirko**, a pair of Serbians from Belgrade who accompanied themselves on guitars. Their voices were so good that in admiration I hushed mine and wandered off to seek Romance. Over in one corner was Mr. Sherwood (how he got there I don't know) at a table in earnest conversation with a young lady who looked familiar. So we wandered over to see. Of course! It was **Miss Ora Hope**, a little playmate who once accompanied us on a previous expedition. He explained that he was merely reading her palm. But I wasn't fooled. I used the same tactics. So I staggered away back to **Paul Taubman** who had the records ready to play back. He did and I listened, lost in admiration at the dulcet manly tenor that Paul assured me was mine. Incidentally, Taubman will let anybody make a record and let the owner take it home with the compliments of **Mr. Stone's Penthouse Club**. It's something to play back at home and gives much more satisfaction than a hangover. . . . Hey, where's that Bromo Seltzer!

RAILROAD SECURITIES

Typifying the low investment regard into which even the better rail liens have fallen, Western Maryland bonds have recently been under consistent pressure around their lows for the year, without regard for the unbroken record of profitable operations, strong finances and the improvement that has taken place in the road's basic traffic status during the past 10 years. In contrast, just a year ago these bonds were favorites in the investment field, having just recently reached the estate of legality in New York for the first time in the company's history. It is hardly likely that the present indiscriminate pessimism towards rails as investments will be a permanent phenomenon, and when the turn comes Western Maryland liens (the 4s, 1952, below 90 and the 5½s, 1977, slightly above par) should again catch the eye of investors seeking a combination of safety and attractive yields.

One of the most favorable aspects of the Western Maryland picture has been the management's conservative financial policies. The company has not reported a deficit for any full year since its incorporation in 1917, but, nevertheless, never paid a dividend on any class of stock until 1936. A dividend of $7 a share was paid on the first preferred in that year and in 1937, followed by a lapse of two years and then similar disbursements for 1940 and 1941. Out of aggregate net earnings for the period of more than $33,300,000 (1941 estimated) less than $5,000,000 has been passed along to stockholders. The balance has been ploughed back into the properties. Thus, the company has avoided one of the major pitfalls of the industry, erection of a top-heavy debt structure to finance property improvements and expansions. The relative importance of some $28,000,000 of earnings going into the properties is apparent when one considers that direct debt (exclusive of equipment obligations) amounts to only $58,566,000.

Aside from the financial side of the picture, investment status of the bonds is bolstered by the relative invulnerability of traffic to adverse trends of the industry. The road has done far better than Class I carriers as a whole or Central Eastern roads taken as a group. Revenues last year were 93% of those of the 1923-1925 period taken as a base, compared with 70% for both the entire industry and the Central Eastern Region. For one thing, a large proportion of freight traffic is not subject to highway diversion. Bituminous coal is the most important single item and, with iron and steel, accounts for about half of all freight revenues. Lack of competitive difficulties, and gradual growth of industrial freight in relation to low tariff mine products, have also made the road invulnerable to paring of the rate structure. Average revenue per ton mile last year was higher than 10 years earlier contrasted with a decline of more than 10% for the industry.

Important new traffic sources have been opened up as an offset to losses that have been sustained. Acquisition of Greenbrier, Cheat & Elk Railroad in 1938 was of major importance as these lines serve the fast-growing Bergoo coal field of Webster County, West Virginia. Coal originations of the "Greenbrier" increased from 115,004 tons in 1929 to 1,387,829 tons last year, accounting for 36% of total system coal tonnage in the latter year. In 1929, only 3% of system coal came from these lines. The territory has apparently not yet reached maturity. Lower coupon financing by "Greenbrier" in July 1941 will add to the profits from the line.

The company's position with respect to the steel industry has also been improved, and this is a factor in the average ton-mile revenue. In two of the past four years (1937 and 1940) revenues from iron and steel products have been appreciably higher than in 1929. In part, this record may be attributed to expansion of Bethlehem Steel's facilities at Sparrows Point, Maryland, but more importantly to construction about ten years ago of the Connellsville Extension of Pittsburgh & West Virginia. This opened up a new through route for fast freight from middle western industrial centers to tidewater at Baltimore. Western Maryland is an integral part of this new route. Over the past 10 years Western Maryland has averaged fixed charges covered 1.41 times with a low of 1.14 times in 1938 and a high of 1.64 times in 1937 and last year. Charges should be covered twice this year.

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—33.

Bank and Insurance Stocks

This Week — Bank Stocks

The first two weeks of December should prove of crucial interest to bank stock investors: (1) On Dec. 2, Bank of the Manhattan Co. holds its annual meeting, forerunner and "keynoter" of bank annual reports; (2) Fourth quarter dividend meetings will be held during this period.

The Manhattan annual report will be indicative of a leading institution's reaction to higher operating costs and the question of continuing present dividend scale in view of these higher costs and the problem of leverage. Fourth quarter dividend meetings are being anxiously awaited in certain "borderline" cases.

That there should be anxiety over dividends seems paradoxical. Operating earnings should continue to improve moderately, because while costs have gone up, the bulk of costs are controllable and do not automatically keep pace with improved gross; and gross should continue its moderate uptrend because of the even heavier volume of earning assets likely in the future under the National Defense program. Furthermore, probably better short-term money rates will add to the improvement in gross. And dividends, to begin with, are at moderate level of 87% of net profits, after provision for reserves.

Granted this, however, responsible banking quarters view with alarm the small capital funds cushion as earning assets and deposits now stand and as they will expand in the future. They point out that as the leverage ratios rise beyond the 10:1 conservative limit, increased danger to solvency arises on a given decline in asset values, especially if money rates rise and depreciate bond values.

Three means, it is pointed out, exist to strengthen capital funds: (1) Reduce dividends; (2) Raise new capital from stockholders; (3) Obtain new capital from the RFC. Bankers least of all want the last. The second is difficult. So the first, it is reasoned, should be the obvious solution.

Analysis will show that reducing dividends is no solution at all of the leverage problem. It impairs stockholder confidence, ruins definitely prospects of financing through stockholders, does not provide sufficient capital funds for mounting earning assets and deposits, and finally will force banks to do what they least desire—obtain new capital from the RFC.

(1) New York City member banks today have $12,200,000,000 in earning assets and $15,700,000,000 in deposits, compared to $1,531,000,000 capital accounts, or ratios of 8:1 and over 10:1. During the past year, earning assets have risen $2,300,000,000 and deposits, $400,000,000 (in the future, New York deposits are likely to show closer correlation to expansion in earning assets).

Dividends total $70,000,000, compared to 1940 net profits of $83,000,000.

As to the future: entirely apart from loan expansion, if the Federal deficit reaches $25,000,000,000 in 1943 and perhaps more in 1944, as is considered likely, and at least one-third is financed by borrowing, commercial banks will be called on for help in financing a huge accretion to the debt. Deposits will reflect this expansion in earning assets.

(2) Compared to this huge expansion in earning assets and deposits, a large portion of which is likely to occur at New York banks, a reduction of dividends would be an unimportant source of capital funds, and thus aggravate, not ameliorate, the leverage problem by disappointing stockholders at a time when dividends in other lines are increasing.

Suppose dividends were slashed as much as 50%; and assume a 10% gain in profits for each of the next four years. The resultant "ploughed back" earnings in four years would be $284,000,000, which would mean total capital funds of $1,800,000,000.

However, even assuming no further expansion in earning assets and deposits, earning assets would still be 7 times assumed capital funds; and deposits, about 9 times — or just about where they are today. Actually, of course, the future pace of earning asset expansion may be greater than the $2,300,000,000 of the past 12 months.

Clearly, reducing dividends is no solution of the leverage problem. That problem can only be solved by squarely meeting the necessity of raising additional bank capital. Reducing dividends will kill any hopes of raising the capital from stockholders, and force the banks to go to the RFC anyway.

How did the banks face the problem in World War I? In 1914, the volume of earning assets and deposits to start with was not abnormally swollen by deficit financing to "prime the pump." Thus, deposit leverage ratio was moderate—5:1 for 16 New York City banks. One year later, however, leverage jumped to 9:1, and the same problem existed: how to increase capital funds.

The banks could have had justification for reducing dividends, because of 1914 charge-offs which reduced indicated profits to below dividends. This could have been done despite the prospect of higher earnings, based on expected larger volume of earning assets at higher rates; and despite then easier method of raising additional funds from stockholders.

Instead, however, dividends were **increased** from $19,300,000 in 1914 to $20,400,000 in 1915 and $25,500,000 in 1916, keeping pace with increase in indicated profits from $14,300,000 in 1914 to $36,900,000 in 1915 and $46,535,000 in 1916. No new capital funds were raised in 1915 and only $17,000,000 (three instances) in 1915.

The wave of capital increases developed later, in 1919-1920. Up to that time, the problem of leverage was being left to "ploughing back" of higher earnings, and dividends were not reduced, but increased. This could be done because earnings improvement was sharp—money rates rose freely and profitable loans were a larger proportion of earning assets.

Today, earnings rise is bound to be slower and the problem of leverage is more serious. "Ploughed back" earnings, even if dividends are reduced, cannot be expected to keep leverage ratios in check. New capital must be raised for the purpose. The recent Pennsylvania Co., etc. new capital offering shows that stockholders and investors can be made interested in providing new bank capital. That interest will be impaired if dividends are reduced. The alternative is Government capital and control.

Our Reporter's Report

(Continued from First Page)

make its new bonds as long as possible, some of the boys were doing a little figuring.

Those who look for a split-offering, and that idea is not universal by any means, point to the outstanding taxable 2½s, due in 1954 but callable in 1952, which are selling to yield 1.95% to maturity and 1.87% to the call.

They figure Mr. Morgenthau might incline toward a 2% bond maturing in fifteen years but callable in twelve years as attractive to banks under prevailing conditions.

At the same time they calculate that insurance companies probably would look willingly at 2½s running for thirty-years but subject to call in twenty-five years.

Due This Week But . . .

The Treasury had projected its huge financing for the current week and Mr. Morgenthau undoubtedly has gone through the usual discussion of market conditions with his Federal Reserve and banking advisers.

But the possibility of a delay in the undertaking developed on Monday when the head of the Treasury discussed the matter. He pointed out originally that only something unforeseen would defer the business.

In the meantime, however, the Washington-Tokio negotiations quite evidently have not been all that was expected and the hitch in that direction may temporarily hold up the offering.

Broadening Its Scope

News of Morgan Stanley & Co. Inc. intention of changing its setup from the present corporate form to a partnership before the end of the year, proved the topic of much conjecture in the trade as was natural.

The move was accepted as indicating a decision on the part of the firm to broaden out and assume a more aggressive stand in the field. In recent months it had been rather quiescent, notably since the effectiveness of the Securities and Exchange Commission's "competitive bidding" rule for utility securities.

The new partnership setup, it is argued, is doubtless intended to cut away anything in the nature of ties to the commercial banking house. At the same time the new firm will be able, if it so desires, to apply for membership in the New York Stock Exchange. That it plans more aggressive participation in the new issue field and likewise in secondary operations seems clear from its determination to build up a broad retailing organization.

Quiet Week in Offerings

With the majority of investment bankers in attendance at the IBA convention at Hollywood, Florida, it has been a decidedly quiet week in new offerings.

Aside from New York State's offering of $15,000,000 grade-crossing bonds, for which it obtained a price of 101.1099 as 1½s, the market was virtually stagnant.

Even at the Florida gathering, the meeting at mid-week had not yet gotten around to matters of actual trade interest. Presumably as an outgrowth of recent remarks of certain government officials anent "directing the flow of capital," the speakers of the first few days were concerned chiefly with apprising their listeners and the public of the threat of further encroachment of government in the field of private endeavor.

Such things as competitive bidding, and the several proposed amendments to the Securities Acts, now before Congress, were not broadly discussed in the first few sessions.

WHISPERINGS

Everybody in Wall Street knows somebody who made a pile of dough out of someone else's error. There is that yarn about the man who, impressed by the aspirin sales during the flu epidemic, bought what he thought was Bayer's Aspirin. It turned out to be A. M. Byer's Pipe, but he made money. There are plenty of these stories but they can seldom be confirmed. So when we ran across one in which we actually saw the records, yellowed by the years, and the man responsible for the whole thing, we thought you might like to know about it. All this happened years ago: "One day a young man called to see me," explained the senior partner. "I was then a callow customer's man and there wasn't a thing I didn't know. It developed that the young man was the son of an old client of the firm who had died and left him some cash and securities. The young man explained that he wanted to sell some of his securities and buy Chalmers instead. I pointed out how impractical such a buy was but he was insistent. So I bought the stock, amounting to some $20,000 and in due time sent the certificates to him. Subsequently, I became a partner and forgot all about the young man. In those days everything was on margin and he was a cash customer and we just didn't have the time for cash transactions. About June of 1929 the young man called on me again. This time he wanted to sell the Chalmers. I had it looked up and when our statistician came in with a report I was dumfounded. The stock for which we paid $20,000 was now, with rights, dividends, splits and market increase, worth over $95,000. I sold the stock, gave the young man his check and asked him what made him buy the stock in the first place. He explained that he didn't know anything about the company but he remembered how fond his father was of the Chalmers car and decided that some day he would buy the company's stock if for no other than sentimental reasons. I never told him," the senior partner went on, "that Chalmers Auto was out of business and that I had bough Allis Chalmers instead."

American Car & Foundry will shortly come out with its six months (ending Oct. 31) earnings. Will show about $6.50 on the common. . . . Army pay will shortly be increased to $42 a month instead of the $21. . . . **Chicago Pneumatic Tool** is supposed to show something like $5.50 for the full year. . . . Company is now producing a new kind of air brake used by airplanes on landings. Source of this "information" claims it was originated by the British and turned over to our War Department for development. War Department gave it to Chicago Pneumatic Tool and factory in Newark is now supposed to be turning them out.

From the news files. . . . Fort Bliss Army officers were set back on their polished heels when they received the following telegram from a selectee: **"Kindly request extension of my AWOL."** . . . A soldier "captured" a squad of tanks on manouveres when he yelled, "We turn off here to eat!" They turned and the opposing forces surrounded them.

The uptown branch of a member house had a sudden influx of "customers" huddled around the stock ticker. The managing partner seeing the crowd, went over to see what it was all about. Seemed that ticker had been out of order when suddenly it began chattering again, but instead of printing staid prices of, say X it was giving the results of the third race at Bowie.

"Last month," confessed a radio executive to **Jules (Luckhurst & Co.) Bean,** "I told my wife that if she forced me to get another studio job for one of her relatives I'd scream!" Jules asked "how did you make out?" The radio biggie took a deep breath and answered, "You are now talking to the champion yodeler of NBC."

Earl Rodney, partner in M. L. P. F. & B., was late in getting to an appointment and urged his cab driver on with, "You can go faster than this, can't you?" The cabbie answered, "Sure I can pal —but I've got to sit here and drive this jallopy!"

JOTTINGS

(Continued from Page 1315)

stance, all British unions are registered and legally responsible; British law forbids sympathy strikes, strikes "against the government," mass picketing, violence, or mass intimidation, and union political contributions. Contrariwise in this country the Norris-La Guardia Act, Burns Act, Wagner Act, Apex and Hutcheson decisions have stripped the last responsibilities from the unions.

Maybe the insurance companies are announcing their premium increases in order of their size (Met., Prud.). There's still grief to appear on the books, however, because these increases (cuts in "anticipated investment return") only apply to new policies, not to the old. Also there's a lot of grief to be realized in the late '40's from those annuities, particularly the single-premium ones. The annuity-holders refuse to die as the mortality tables say they should. Reversing the procedure on buying life insurance, they had asked their examining doctors to find everything possible wrong with them—and the life companies, unlike the fire companies, art not very familitr with "the moral risk." The companies (it is charged) have been under too much pressure from their sales forces to cut quick and hard their annuity sales, and so they'll have to pay the price.

Pressure grows for some kind of Treasury arrangement to borrow from the life companies. They have perhaps $1½ billion net a year to invest. By the time the New York State law is changed to let them buy common stocks, and they actually get around to it, it looks as though the defense program will have swamped the common stock suggestion and they'll be buying nothing but governments.

Especially if the between-the-lines implications of Ganson Purcell's speech come true—the end of non-defense financing "for the duration." That's the worst threat the investment bankers have to face of them all.

Incidentally, here's the explanation of the paradox of the official "equity theory."

The official "equity theory" is that corporations should retire their bonds and replace with stock, so that they'll be more stable in the post-war depression. The paradox is that this runs counter to Section 102 of the Revenue Act and to the general Washington pressure for them to pay out their earnings in dividends; it also runs counter to the heavy advantage given by present revenue laws to the companies largely capitalized with bonds.

Explanation is that bankruptcy is still politically unfashionable, in that the Washington folk don't want to be blamed now or ever for driving businesses into Chapter X bankruptcy, particularly by heavy taxation. But if they can force business to recapitalize with common stock then they can stick it with heavier taxes and still not drive it into the courts.

The price control bill now goes to the Senate. Kicked around, it will be largely re-written by Henderson. Then back to the House. With luck, something of it might become law by February, more likely March.

By that time, look for rationing to supersede it as the bone of contention. And your Jotter means ration cards for consumers. See Peter Drucker's lead story in the current Harper's. (And watch this Drucker's stuff—wordy but in advance of the rest). With passenger auto production sliding toward nothing and demand due to rise (after the present temporary slump) do you think the Administration is going to let the dealer say who gets and who doesn't get a car? When this rationing business starts watch for it to move fast. For when the word gets around, like the inflation talk of last summer, the entire public will set out to beat it just as it set out last August to beat inflation (see the retail figures of that month). And that means that Congress will have to act fast.

Your jotter was wrong in thinking the Cubans might settle for 2¼ cents for their 1942 crop. More likely the figure will be over 3 cents (which would mean a gross for the island of over $200,000,000 against a recent-years' average of $125,000,000). The tip-off is the announcement that there will be no cargo space for sugar from the Philippines. That means, at current consumption rates, a real sugar shortage and a price of 7 cents to the housewife. Beet production will be no help; sugar beets are a depression industry, but no help in time of war, when labor gets scarce and beet farmers go into more favored crops.

N. Y. S. E. Borrowings

The New York Stock Exchange announced on Dec. 2 that the total of money borrowed as reported by Stock Exchange member firms as of the close of business Nov. 29 aggregated $435,717,673, a decrease of $8,445,137 as compared with the Oct. 31 total of $444,162,810. The following is the Stock Exchange's announcement:

The total of money borrowed from banks, trust companies and other lenders in the United States, excluding borrowings from other members of national securities exchanges reported by New New York Stock Exchange member firms as of the close of business Nov. 29, 1941, aggregated $435,717,673.

The total of money borrowed, compiled on the same basis, as of the close of business Oct. 31, 1941, was $444,162,810.

Investment Trusts

Incontestable evidence of the emergence of the investment trust from the doghouse appeared last week—a study recommending investment trusts (and making particular mention of Blue Ridge Corp.) published by a member firm of the New York Stock Exchange. Investment trusts just haven't been fashionable in recent years. True, over-the-counter investment dealers, and in some cases out-of-town branches of New York Stock Exchange houses have been pushing open-end investment companies since the spread of this type of investment company in the bottom of the depression. But until recently the Big Board members have shunned the trusts.

However in the past two years at least two Stock Exchange firms have undertaken the general distribution of an open-end trust's securities, and several have approved certain trusts for the salesmen to offer to customers.

The study that has just been released by Arthur Wiesenberger & Co. is an exhaustive report on the old-style leverage investment companies — the very companies that were in a large degree responsible for incurring the ill-will of the public. But, as is stated in a post-script, "Their unfavorable reputation is inconsistent with their performance in recent years, and legislation has corrected past abuses." Twenty-nine of the large closed-end leverage companies are discussed and statistics prepared with the aid of Arthur A. Winston, an impartial specialist generally recognized in the field, make the study a useful reference.

* * *

Investment Company Briefs

"Because earnings and dividends are relatively high while stock prices are relatively low, investment income is in effect on the bargain counter.

"On $5,000 worth of MIT at present market levels, $269.50 in dividends from investment income has been paid during the past four quarters.

"On $5,000 worth of MIT at the 1937 high, but $166.65 in dividends from investment income was paid during the four quarters of that year.

"Thus it is indicated that the same number of dollars at present prices buys nearly 62% more income than at the 1937 high.

"In the case of most things people buy—clothes, food houses, autos, etc.—bargain prices are one of the most compelling inducements to buy. But it's an odd commentary on investment psychology that 'bargain prices' for investments, far from being an inducement to buy, generally reflect a mass tendency to sell. Thus, to cite an outstanding example from recent history, the high prices of 1929 attracted millions of buyers, while the bargain prices of 1932 were ignored.

"With prices at record low levels in relation to earnings and dividend payments, investors now have an opportunity to buy income on one of the most favorable bases in modern history." . . . . Massachusetts Distributors' *Brevits*

* * *

Bank Group Shares of Institutional Securities, Ltd. provides an ownership in the stocks of leading New York City banks and trust companies and its purpose is to furnish a service to investors in these. According to a recent bulletin from Hare's Ltd. the average market price of these stocks at their 1937 highs was approximately 114% more than at present. To put it another way, the stocks of these banks are presently selling for less than one-half of their prices early in 1937, yet, by the yardstick of important investment factors, they are obviously more desirable today than they were early in 1937.

* * *

Uncle Sam and John Bull have pledged a new world economic order in President Roosevelt's and Prime Minister Churchill's mid-Atlantic declaration of peace terms according to Lord, Abbett's *Background.*

"In this new order, the readier flow of commerce between nations would be encouraged, not, as in the recent past, sabotaged; tariff preferentials, foreign exchange differentials and arbitrary discriminations between nations would be eliminated. A fairer deal would be given all around; to the North American, to the Latin American, to the Asiatic, to the Britisher whether an Englishman or an Australian, to the African colonist and to the continental European, whether he is a German trader or the national of a country at present under German military domination."

* * *

A revised prospectus of New York Stocks, Inc. is now available. The new prospectus contains statistics for the year ended May 31,

(Continued on page 1322)

1941 Cotton Loans

The Department of Agriculture reported on Nov. 27 that Commodity Credit Corporation had made 535,938 loans on 1,000,223 bales of 1941 crop cotton through Nov. 22, 1941. Of the total, 61,127 loans on 198,973 bales were made by cooperative associations. At the same time last year loans had been made on approximately 2,000,000 bales.

Municipal News & Notes

The municipal securities committee of the Investment Bankers Association recognized in its report, submitted to the convention last Sunday, the straitening effect of the current defense program on the future volume of State and municipal borrowing, stating:

"During the present crisis there will, we believe, be practically no new construction work started other than that necessary for national defense or clearly essential for the health and safety of the civilian population."

The committee also leveled a vigorous attack on the attempt of the Federal government to levy income taxes upon all State and local securities, warning that such action would be a direct usurpation of rights.

"The power sought, unless granted by the States in the form of a constitutional amendment clearly defining the authority and with protective limitations," the report said, "opens a path to Federal control and domination of the States and their governmental units.

"With thoughts focused upon additional revenue for the central government, in this instance at the expense of the States and their governmental units, it would be seriously unfortunate to lay, by the method employed, the ground work for an avenue through which our constitutional foundation for municipal home rule may, in progressive steps, be circumvented and destroyed."

Four Recommendations For Effective Housing Result From Nation-Wide Survey

Four recommendations for increasing the effectiveness of housing programs were made last week in a report, by the National Association of Housing Officials, on a nation-wide study of activities and proposals for housing in neighborhood rehabilitation.

According to the report, future successful housing and reclamation of slum areas will depend upon ability to develop: (1) Broad plans for land use, so that whole areas and not merely isolated projects may be planned; (2) an attack on forces drawing away from cities higher-income families, as well as industries necessary to the economic well-being of the city; (3) means of providing housing for all income classes; and (4) ways of enlisting direct private participation in those parts of the rebuilding process that can return a legitimate and attractive profit.

Although proof that attractive profits can be made would provide the greatest impetus for widespread large-scale housing operations by private enterprise in deteriorated areas, cases cited in the report indicate that no profits can be derived from unsubsidized housing for low-income families.

Neighborhood rehabilitation legislation enacted this year in Illinois, Michigan and New York, however, "holds promise of greater inducements to private activity than have heretobefore been available," the report said. "It is perfectly clear, though, that there must be not only a more realistic attitude of government towards such private profit-seeking operations, but private capital must redefine in less extravagant terms a 'reasonable profit' in real estate development."

Among problems facing the housing officials, according to the report, are decentralization and decline of population, blighted areas, daily traffic congestion and municipal bankruptcy. Survival of the city as an economic entity, and possibly as a poltical entity, will depend largely upon its ability to attract and hold a population that is rapidly reaching a stable point. While neighborhood rehabilitation, building repair and remodeling are necessary to supply one part of the low-cost or low-rent market, they are equally important as a means of creating an environment that can complete successful with the "lures of suburbia," the report said.

Local Governments Increase Investments In Defense Bonds

The practice of investing public funds in Federal defense savings bonds is growing rapidly among local governments, the Municipal Finance Officers Association of the United States and Canada reports.

Spreading also is use of voluntary allotment plans by city employes, who authorize the setting aside by city officials of a portion of their pay toward purchase of defense bonds. In some cities, the official makes the actual purchase when allotments total the price of a bond.

Three cities, two counties and a state are among governmental units investing their own funds in these bonds within the last month. Fresno, Calif., has purchased $25,000 worth of bonds for its city employes' retirement fund. West Hartford, Conn., recently bought $50,000 worth for its sinking fund. This amount is the limit now set by Federal authorities for municipal investments in defense bonds.

The city council of Haverhill, Mass., voted to purchase bonds with $48,275 of municipal hospital funds. The Haverhill treasurer pointed out that if the money were invested in defense bonds it would earn 2½% interest, while if the funds were left in savings banks the earnings would amount to only 2%.

In Barnwell County, N. C., $35,000 in proceeds from sale of improvement bonds—authorized by the county board to meet courthouse renovation expenses—were taken from a local bank and invested in defense bonds. County officials had decided it was inadvisable to undertake construction at this time. Interest from the bonds will meet interest charges on the improvement bonds and leave the county a slight surplus.

N. Y. State Sells Bonds

Four banking syndicates competed Tuesday for a $15,000,000 issue of New York State grade crossing elimination bonds, the award going to the National City Bank and associates at 101.1099 for 1½% obligations. That was the rate mentioned by all four groups.

The $15,000,000 of bonds represent the twelfth sale of grade crossing long term securities since 1925, when the voters authorized the State to sell up to $300,000,000 for this purpose. It will bring the total issued up to $152,500,000. At the last election the voters approved a constitutional amendment making $60,000,000 of the original authorization available for highway and parkway construction purposes, so that the amount remaining for future grade crossing elimination is $87,500,000.

A year ago the State sold $25,000,000 of grade crossing bonds to J. P. Morgan & Co. Incorporated at 101.0335 for 1½s, which compares with the winning price of 101.1099 on this latest issue. The first grade crossing bonds, issued in 1926 under less advantageous bond market conditions, carried a coupon rate of 4%.

The sale marked the first sizable bond offering by Comptroller Joseph V. O'Leary, who was recently appointed to fill the unexpired term of the late Comptroller, Morris S. Tremaine.

Commenting on the results, Comptroller O'Leary said: "The price received on the sale represents the best rate at which the State ever sold bonds of a similar maturity. The very close bidding indicates a continued demand for state bonds and the continued high credit rating of the State."

New Jersey Improved Fiscal Plan Urged

Major changes in the State and local educational systems, highway financing and construction, public welfare activities and municipal services were recommended last week by the Princeton Survey of New Jersey Finance.

Total expenditures for State, County, School and Municipal Governments in New Jersey are listed at $500,000,000 annually. Excluding unemployment compensation taxes, the survey reports that in 1939 property taxes accounted for almost 78% of the total tax levies. New Jersey taxpayers, the report says, "actually pay more in property taxes than do citizens of most other states." In 1938 New Jersey's property tax was $62 per capita while those of 30 states averaged $38.

Pointing out that New Jersey relies more heavily upon the property tax than any comparable state, the survey declares that if the property tax is to be reduced and remain reduced "stringent controls over local finance are inevitable." It asserts that New Jersey does not tax activities to the extent of other states and has not endeavored to replace property taxes. It raises the question whether the present allocation of taxpaying responsibilities among economic groups is to be maintained if property taxes are reduced. In this connection it stresses the increased Federal taxation of incomes, business activities and privileges not now taxed by the State.

Massachusetts Legal List Issued

Joseph Earl Perry, Commissioner of Banks, has issued a list of investments legal for Massachusetts savings banks, as of Dec. 1, 1941, which shows the additions and removals of securities as reflected by the statute, amended by Acts of 1941, Chapter 413.

An important revision in the investment regulations is that the obligations of the cities located outside of the New England States and the State of New York must be in serial form. The Banking Department points out that some of the outstanding issues of the cities listed in the official list may qualify and other issues may not, and it is the responsibility of each bank to determine prior to purchase that all obligations are not only full faith and credit obligations, but are also part of original debt issues which provide for serial payments in the manner provided by law.

Newspaper Ads Help Tax Collections

Newspaper publicity and advertising contribute importantly to the good tax collection record of Norwalk, Conn., according to the city's tax collector who informs the Municipal Finance Officers Association of the United States and Canada that he expects this year's collections to total 99% of the levy.

The reasons given for this showing are (1) plenty of publicity and advertising; (2) well thought-out periodic reports to taxpayers; (3) diligence in getting after delinquent taxpayers; (4) efficiency and courtesy. Newspaper publicity is widely used so that taxpayers are tax conscious, the Norwalk collector reports.

Delinquents are approached in various ways and partial payments are permitted and encouraged. All statutory provisions are enforced. Courteous treatment of the public is emphasized as an important good will factor in establishing the collection record.

Record Tax Yield Tops 16 Billions

Federal, State and local governments collected a record $16,600,000,000 from American taxpayers in the fiscal year 1941, the National Industrial Conference Board reports. This all-time peak, it is asserted, "was due mainly to the increased yields of existing taxes, which, in turn, reflected the rising national income and growing business activity resulting from the defense program."

"To a certain extent, however, new taxes and higher rates for old taxes contributed to the new high level," the Board added.

Collections by the 48 States rose to an estimated $4,137,000,000 with all but one State reporting an increase among the 37 for which actual date was available to the Board.

Although local taxes have risen to $4,790,000,000 in 1941, they have not yet attained the peak level of the years 1929-30-31.

On a per capita basis Federal 1941 collections amounted to $58, State taxes $31 and local taxes $36, a total per capita of $125, compared with the preceding peak of $108 reached in 1938.

1940 Highway Tax Diversion Almost 15%

Official figures of the Public Roads Administration show that during 1940, $196,579,000 of special State highway user taxes in this country were used for non-highway purposes, such as relief, education and State general funds.

This represents a diversion of highway funds to non-highway purposes of 14.9% of the total collection of $1,327,277,000 in direct taxes collected from highway users by the States in 1940.

California To Assume Paying Basis

California is going on a "pay-as-you-go" basis next year, Governor Olson informed happy taxpayers last week. Increased tax revenue from defense-generated business improvement and the elimination of a $35,000,000 a year item for State relief make the new economy possible.

Interest on money borrowed to run the State government the past eight years is said to have totaled more than $8,000,000. Relief clients who have not found jobs since their State aid ceased (although many have) are being cared for by the counties.

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. 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. 9th

$19,450,000 USHA Local Units (notes)

These offerings are made by various housing authorities from time to time and are usually taken by a syndicate headed by the Chemical Bank & Trust Co. of New York.

Dec. 10th

$450,000 Suffolk Co., N. Y.

Though slightly under the required minimum, this offering is included here because of general interest. Joint bid by the National City Bank, and Dominick & Dominick, both of New York, was the highest of numerous offers received for the bonds awarded last December

$7,672,000 USHA Local Units

This offering is made up of bonds (series A) of separated housing authorities. Bids are generally attracted from interested houses in the affected localities.

Dec. 16th

$550,000 State of South Carolina

Halsey, Stuart & Co., Inc., headed the syndicate which took the issue offered on Oct. 14, beating out the Union Securities Corp. of New York, and associates.

$2,000,000 Washington Suburban San. Dist., Md.

District awarded bonds in May to a syndicate headed by R. S. Dickson & Co. of Charlotte. Second best tender was a joint offer entered by Smith Barney & Co., and the First Boston Corporation.

Dec. 18th

$3,940,000 Minneapolis, Minn.

Syndicate headed by Phelps, Fenn & Co. of New York, high bidder for bonds in August. Halsey, Stuart & Co., et al, and Salomon Bros. & Hutzler of New York, and associates, second best on the two separate issues.

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.

More MUNICIPAL News

The Tuesday and Saturday issues of the Financial Chronicle supply a great deal of additional news on state and municipal issues. If you are not already getting these, we will be pleased to send you complimentary copies. You may easily find that they suggest profit-making possibilities.

Illustrating our broad coverage of essential municipal information is the fact that the November 15th and 18th issues of the Financial Chronicle contained more than 250 individual items, covering a broad range of municipal news—bond elections, approvals, offerings, sales, public reofferings, legality, eligibility as investments and other related data. Send for the current issues if you are not already getting the Tuesday and Saturday Chronicle. They will be mailed entirely without cost or obligation—merely to acquaint you with the wealth of information they contain.

Cal. Dealers Oppose "Equalization Clause"

(Continued from First Page)

This particular amendment is the so-called "Equalization Clause," and would extend the reporting requirements with respect to trading by officers, directors and owners of 10% or more of the stock of *any company*. Such reporting is now required only of such persons trading in stocks listed on the various exchanges. The only exemption would be in trading in stocks of companies with less than 300 stockholders and less than $3,000,000 in gross assets.

We take the position that any extension of restrictive rules that will add to the already numerous burdens of our corporations will be harmful to the companies, to the investors, and to our business.

Most of all, however, you are directly concerned with the fact that any extension of these rules will immediately be used by various exchanges throughout the country, including probably the New York Curb Exchange, to endeavor to enlarge their unlisted trading facilities to include many issues not now listed.

We all know that many issues of securities of small and medium-sized corporations not now listed on any exchange enjoy a satisfactory market due to the fact that investment organizations throughout the country have an ability to redistribute continuously such securities—providing good markets and thus satisfied investors.

As we understand it, the National Association of Securities Dealers, Inc., and the Investment Bankers Association have tacitly agreed not to oppose this amendment and, therefore, it seems that you are barred from receiving any help from these quarters.

Therefore, the individuals listed below, acting as individuals only, have constituted themselves a committee to do whatever is possible in cooperating with interested dealers in the East to prevent the passage of this amendment.

We have been very fortunate in obtaining the consent of Mr. Harry B. Wyeth, of Wyeth, Hass & Co., to represent the dealers of Southern California in Washington, and he will appear before this meeting in our behalf. We have undertaken to provide funds for Mr. Wyeth's trip from a residue of moneys held in the old California Security Dealers Association, a dormant corporation of the dealers in this territory, and there will be no financial obligation on your part.

If you are in agreement with this plan, we suggest that you sign the enclosed card immediately and send it to Mr. Wyeth. It will be helpful also if you write him, giving him your reasons for feeling that the best interests of the public may be served in not increasing exchange trading in the securities of small or medium-sized corporations. Any examples that have come to your attention providing a comparison of markets on unlisted issues will, of course, be helpful.

DIRECTORS OF CALIFORNIA SECURITY DEALERS ASSOCIATION, SOUTHERN DIVISION (which is now inactive)

R. J. EICHLER
CAREY S. HILL
HARVEY RONEY
NELSON DOUGLASS
SHERMAN ASCHE

P. S.—It is *important* that you return the enclosed card immediately, as the hearings are now in progress. Wyeth may find it necessary to leave on short notice so that he may appear before the House Committee.

An excellent response is reported. Mr. Wyeth is now in the East in the interest of Southern California dealers in this matter.

Under-Industrialized Areas Get Contracts

(Continued from First Page)

two regions held more than half of all government-financed defense plant contracts. At the beginning of October, the central regions still held the bulk of such contracts, but their share had been reduced to about three-eighths of the national total of $4 billion. The West South Central area, on the other hand, held 10.9% at the beginning of October, as against 4.3% in March; and the Mountain states had received 4.7% as compared with 1.7% in March.

The sharpest increase in defense plant contracts in the West South Central area has been in Texas, where, at the beginning of October, the total was $218,000,000, as compared with $61,000,000 in March. In the Mountain states, the sharpest increases have been in Utah and Nevada.

The Mountain area now has a larger share of new defense plant than the heavily industrialized New England region.

Alabama, Iowa, Missouri, and Texas rank among the first ten states with respect to government plant awards, although none of them ranks in the first ten with respect to the value of products manufactured in 1939.

The cumulative distribution of defense plant awards, in percentages of total government-financed plant contracts, has been as follows:

Region—	To Sept. 27, 1941	To Mar. 31, 1941
East North Central	22.0	38.9
West North Central	15.1	13.3
Middle Atlantic	16.8	13.0
South Atlantic	10.6	8.6
East South Central	8.7	7.6
Pacific	5.0	6.2
West South Central	10.9	4.3
New England	3.8	3.8
Mountain	4.7	1.7
Unnamed	2.3	2.7

Increasing Government Investment in Private Industry

At the beginning of the defense program, the bulk of government plant contracts was for ordnance. In recent months, however, there has been a sharp increase in government awards for industrial facilities that duplicate privately owned plants. Almost $400,000,000 has already been invested in facilities to produce iron and steel. Under the present schedule, government expansion in the iron and steel industry will exceed $1,000,000,000. Government investment in plants producing non-ferrous metals and their products is already more than $300,000,000.

In March, the total government investment in such miscellaneous industrial facilities comprised 13% of total defense facilities. By the beginning of October, it comprised almost a fourth.

The distribution of defense plant by type of product, in percentages of total defense plant awards since the beginning of the program, has been as follows:

Type of Product—	To Sept. 27, 1941	To Mar. 31, 1941
Arms, ammunition & explosives	43.5	45.1
Aircraft and parts	21.1	31.0
Miscellaneous industrial facilities	23.2	13.0
Shipbuilding	10.1	8.0
Tanks & machine tools	2.1	2.8

A Hedge Against Inflation

Leverage investment trust shares may provide a valuable protective hedge against an inflationary market movement, according to an explanatory study entitled "Options on Inflation," compiled by Arthur Wiesenberger, of Arthur Wiesenberger & Company, 56 Beaver Street, New York City, members of the New York Stock Exchange. Many of these shares now selling at low fractions are virtually perpetual options with great appreciation possibilities, according to the study, which states that old prejudices about investment trusts should be discarded as corrective influences have eliminated past abuses and leverage factor outweighs performance results.

Included in the brochure, which is attractively bound in a ring binder for ready reference, are details of preferred shares which the author considers offer high yields plus substantial profit opportunities, common and preferred stock comparisons, and brief but comprehensive statistical analyses of 29 investment trusts.

E. L. Kline Co. In Ipls.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND.—Edgar L. Kline has formed E. L. Kline & Company with offices in the Circle Tower to engage in an investment business. Mr. Kline was previously Vice-President of William E. Shumaker & Co., Inc.

Oct. Sales On Exchanges

The SEC announced on Nov. 28 that the market value of total sales on all registered exchanges for October, 1941, amounted to $618,721,889, an increase of 0.1% over the market value of total sales for September and a decrease of 12.4% from the market value of total sales for October, 1940. Stock sales, excluding rights and warrants, had a market value of $491,832,593, a decrease of 4.0% from September. Bond sales were valued at $125,151,457, an increase of 18.6% over the September value. The market value of right and warrant sales for October totaled $1,737,839.

The volume of stock sales, excluding rights and warrants, was 22,784,198 shares, a decrease of 6.3% from September. Total principal amount of bond sales was $209,210,898, an increase of 18.2% over September.

The two New York exchanges accounted for 93.1% of the market value of total sales, 91.4% of the market value of stock sales, and 99.6% of the market value of bond sales on all registered exchanges.

The market value of total sales on all exempted securities exchanges for October 1941 amounted to $574,236, an increase of 40.2% over September.

Chase Looks Good

The situation in the common stock of Chase National Bank is particularly attractive at this time, according to an analysis just issued by Butler-Huff & Co. of California, 210 West Seventh Street, Los Angeles, Calif. Copies of this interesting circular may be obtained from Butler-Huff & Co. upon request.

DIVIDEND NOTICES

AMERICAN BANK NOTE COMPANY

Preferred Dividend No. 143
Common Dividend No. 127

A quarterly dividend of 75¢ per share (1½%) on the Preferred Stock for the quarter ending December 31, 1941, and a dividend of 10¢ per share on the Common Stock have been declared. Both dividends are payable January 2, 1942, to holders of record December 11, 1941. The stock transfer books will remain open.

J. P. TREADWELL, JR.
November 26, 1941 *Secretary*

American Locomotive Company

30 CHURCH STREET
NEW YORK, N. Y.

Preferred Dividend No. 134

A dividend on the Preferred Capital Stock of this Company of $1.75 per share on account of accumulated dividends has been declared payable December 24, 1941, to the holders of record of said stock at the close of business on December 9, 1941.

Transfer books will not be closed. Checks will be mailed by the Bankers Trust Company on December 23, 1941.

JOHN D. FINN
November 27, 1941 *Secretary*

AMERICAN POWER & LIGHT CO.
Two Rector Street, New York, N. Y.
PREFERRED STOCK DIVIDENDS

A dividend of $1.12½ per share on the Preferred Stock ($6) and a dividend of $.93¾ per share on the $5 Preferred Stock of American Power & Light Company were declared on November 26, 1941, for payment January 2, 1942, to stockholders of record at the close of business December 8, 1941. These amounts are three-fourths of the quarterly dividend rates of $1.50 per share on the Preferred Stock ($6) and $1.25 per share on the $5 Preferred Stock.

D. W. JACK, Secretary and Treasurer.

ANACONDA COPPER MINING CO.
25 Broadway
New York, N. Y. November 27, 1941.
DIVIDEND NO. 134

The Board of Directors of the Anaconda Copper Mining Company has declared a dividend of One Dollar ($1.00) per share upon its Capital Stock of the par value of $50. per share, payable December 22, 1941, to holders of such shares of record at the close of business at 3 o'clock P. M., on December 9, 1941.

JAS. DICKSON, Secretary & Treasurer.

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., November 25, 1941.

The Board of Directors has this day declared a dividend of Two Dollars and Fifty Cents ($2.50) per share, being Dividend No. 86, on the Preferred Capital Stock of this Company, payable February 2, 1942, out of undivided net profits for the year ended June 30, 1941, to holders of said Preferred Capital Stock registered on the books of the Company at close of business December 31, 1941.

Dividend checks will be mailed to holders of Preferred Capital Stock who have filed suitable orders therefor at this office.

D. C. WILSON, Assistant Treasurer,
120 Broadway, New York, N. Y.

CELANESE

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

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

COMMON STOCK

A dividend of 50¢ per share on all shares outstanding and of record at the close of business on December 19, 1941, payable on December 31, 1941.

The regular semi-annual dividend of $3.50 per share on the 7% Cumulative First Participating Preferred Stock will be paid on December 31, 1941 and the regular quarterly dividend for the fourth quarter of $1.75 per share on the 7% Cumulative Series Prior Preferred Stock will be paid on January 1, 1942, both to holders of outstanding stock of record at the close of business December 16, 1941, in accordance with the declarations of the Board of Directors at a meeting held on September 2, 1941.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.

December 1, 1941

THE CHESAPEAKE AND OHIO RY. CO.

An extra dividend of fifty cents per share on $25 par common stock will be paid December 27, 1941, to stockholders of record at close of business December 5, 1941.

A dividend for the fourth quarter of 1941 of one dollar per share on Preference Stock, Series A, and of seventy-five cents per share on $25 par common stock will be paid January 1, 1942, to stockholders of record at close of business December 5, 1941.

Transfer books will not close.

H. F. LOHMEYER, Secretary.

Beneficial Industrial Loan Corporation

DIVIDEND NOTICE

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

PRIOR PREFERENCE STOCK
$2.50 Dividend Series of 1938
62½¢ per share
(for quarterly period ending Dec. 31, 1941)

COMMON STOCK
45¢ per share

Both dividends are payable Dec. 31, 1941 to stockholders of record at close of business Dec. 15, 1941.

E. A. BAILEY
Dec. 1, 1941 *Treasurer*

COMMERCIAL INVESTMENT TRUST CORPORATION

Convertible Preference Stock, $4.25 Series of 1935, Dividend

A quarterly dividend of $1.06¼ on the Convertible Preference Stock, $4.25 Series of 1935, of COMMERCIAL INVESTMENT TRUST CORPORATION has been declared payable January 1, 1942, to stockholders of record at the close of business December 10, 1941. The transfer books will not close. Checks will be mailed.

Common Stock, Dividend

A quarterly dividend of 75 cents per share in cash has been declared on the Common Stock of COMMERCIAL INVESTMENT TRUST CORPORATION, payable January 1, 1942, to stockholders of record at the close of business December 10, 1941. The transfer books will not close. Checks will be mailed.

JOHN I. SNYDER, *Treasurer.*

November 27, 1941.

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*

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.

MARGAY OIL CORPORATION
DIVIDEND NO. 46

The Board of Directors of the MARGAY OIL CORPORATION has this day declared a dividend of twenty-five cents a share on the outstanding stock of the corporation of the issue of 160,000 shares provided by amendment to the certificate of incorporation of April 27, 1926, payable January 10, 1942, to stockholders of record at the close of business December 20, 1941.

J. I. TAYLOR, Treasurer.
Tulsa, Oklahoma, December 1, 1941.

Dividend Notice

The Board of Directors today declared a dividend of 60c per share on the Common Stock of this Corporation, payable December 19, 1941 to stockholders of record December 5, 1941. Checks will be mailed.

S. W. DUHIG,
Vice-Pres. and Treas.
November 25, 1941

SHELL UNION OIL CORPORATION

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a final dividend on the common stock of the Company for the fiscal year ended October 31, 1941, of one dollar and forty cents ($1.40) per share, payable December 20, 1941, to stockholders of record on December 8, 1941. At the same time, the Directors declared a quarterly dividend of fifty cents (50c.) per share on the common stock payable January 15, 1942, to all holders of record at the close of business on December 20, 1941.

SANFORD B. WHITE, Secretary.

JERSEY CENTRAL POWER & LIGHT CO.
PREFERRED STOCK DIVIDENDS

The Board of Directors has declared the following regular quarterly dividends: the 67th qtly. div. of $1.75 on the 7% Preferred Stock; the 58th qtly. div. of $1.50 on the 6% Preferred Stock; and the 42nd qtly. div. of $1.37½ on the 5½% Preferred Stock. Payable on Jan. 1, 1942, to stockholders of record at the close of business, Dec. 10.

R. R. BOLLINGER, Treasurer.

St. Louis, Rocky Mountain & Pacific Co.

Raton, New Mexico, November 26, 1941.

PREFERRED STOCK DIVIDEND NO. 97.

The above Company has declared a dividend of $5.00 per share on the Preferred Stock of the Company to stockholders of record at the close of business December 8, 1941, payable December 23, 1941. Transfer books will not be closed.

COMMON STOCK DIVIDEND NO. 83.

The above Company has declared a dividend of 50 cents per share on the Common Stock of the Company to stockholders of record at the close of business December 8, 1941, payable December 23, 1941. Transfer books will not be closed.

P. L. BONNYMAN, Treasurer.

THE TEXAS COMPANY

157th Consecutive Dividend paid by The Texas Company and its predecessors.

A dividend of 50¢ per share or two per cent on par value, and an extra dividend of 50¢ per share or two per cent on par value, was declared October 24, 1941 on the shares of The Texas Company, payable respectively on January 2, 1942 and December 15, 1941, to stockholders of record as shown by the books of the company at the close of business on November 28, 1941. The stock transfer books will remain open.

L. H. LINDEMAN
Treasurer

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock payable on January 15, 1942 to preferred stockholders of record at the close of business December 22, 1941; also a dividend of One Dollar ($1.00) per share on the Common Capital Stock payable on December 24, 1941 and a dividend of One Dollar ($1.00) per share on the Common Capital Stock payable on January 15, 1942, both payable to common stockholders of record at the close of business December 16, 1941.

GEORGE MIXTER.
December 1, 1941. *Treasurer.*

GUARANTY TRUST COMPANY OF NEW YORK

New York, December 3, 1941.

The Board of Directors has declared a quarterly dividend of Three Per Cent. on the Capital Stock of this Company for the quarter ending December 31, 1941, payable January 2, 1942, to stockholders of record December 10, 1941.

MATTHEW T. MURRAY, JR., Secretary.

Allied Chemical & Dye Corporation

61 Broadway, New York

December 3, 1941

Allied Chemical & Dye Corporation has declared a special dividend of Two Dollars ($2.00) per share on the Common Stock of the Company, payable December 27, 1941, to common stockholders of record at the close of business December 13, 1941.

W. C. KING, *Secretary*

Investment Trusts

(Continued from page 1319)

1941 and includes a summary of fundamental policies of the company as set forth in the registration statement filed with the Securities and Exchange Commission under the Investment Company Act of 1940.

* * *

Correction

In last week's column we reported that Republic Investors Fund Inc. had total expenses other than interest, and debt discount and expense, of $42,921. Actually such expenses amounted to only $18,879, and the income remaining after these expenses totaled $42,921. In addition, net profits realized from security transactions, after provisions for taxes, amounted to $18,197.

THE BOND SELECTOR

WARNER BROTHERS DEBENTURE 6s, 1948

Long Term Trend Of Debt Reduction And Increase In Earnings Improve Position Of The Bonds

The annual statement of Warner Brothers Pictures, Inc., which was released last week revealed that fixed charges were earned 3.24 times in the fiscal year ended Aug. 30, 1941, compared with coverage of 1.98 times in the 1940 fiscal year. Reflecting the best earnings since 1937, but more importantly a substantial net reduction in debt service requirements over the past six years, coverage of interest in the 1941 fiscal year is the best in the last decade. Over the past six years, too, net working capital of the company has risen to over $13,000,000 from $3,400,000 in 1936.

Total funded debt at the end of August, 1941, was $57,335,000. The bulk of this total represented various real estate mortgages maturing beyond one year, many of them serial obligations, amounting to $35,021,000. Other bond and mortgage issues maturing within one year, but in several cases subject to renewal, were $2,800,000. The 6% debentures due Sept. 1, 1948, are outstanding in the amount of $15,399,000. The opinion has often been expressed, and not without justification, that the company has been considerably over-capitalized. Bonded indebtedness, however, has been materially reduced since 1931. At the end of that fiscal year, funded and other long term debt outstanding totaled $106,681,000 and interest requirements were $6,746,000. Since that time, long term debt has been cut by 45% and interest by 53%.

The company is one of the major motion picture producing, distributing and exhibiting organizations. Pictures are distributed through a chain of film exchanges throughout the United States and Canada and in some foreign countries. Prior to the outbreak of the war, foreign business represented about one-third of gross revenues from film rentals. Warner Brothers controls some 425 theatres, some owned and some leased, revenues from which constitute a fairly important portion of revenues. Pennsylvania has a concentration of Warner Brothers theatres.

What foreign earnings are, principally in England, are naturally impossible to know, and since most of the British earnings are blocked by exchange restrictions, the ultimate recovery of such earnings through permissive conversion upon the termination of hostilities will be just so much extra for Warner's stockholders.

Gross revenues in 1941 fiscal year were $102,293,000, the best since such figures became available in 1935. Total income of $41,692,000 was 5% ahead of 1940. Total depreciation and amortization of film costs aggregated $29,971,000, leaving $10,221,000 available for interest. The following table shows pertinent income account items since 1935:

Year	Gross Revenues (000)	Total Income (000)	Amort of Film Costs (000)	Other Amort. & Deprec. (000)	Avail. for Interest (000)	Interest (000)	X-earned
1941	$102,293	$41,692	$25,454	$4,517	$10,221	$3,169	3.24
1940	100,337	39,601	27,455	4,621	7,294	3,706	1.98
1939	102,083	41,395	29,597	4,852	6,589	4,173	1.58
1938	102,206	42,663	30,279	4,836	7,725	4,351	1.78
1937	100,516	42,725	25,446	4,772	12,320	4,574	2,69
1936	90,655	35,454	21,251	5,098	8,659	4,787	1.81
1935	84,476	31,857	20,185	5,451	5,971	4,888	1.22

Included in the income statement for 1941 is a charge to reserve for contingencies of $1,494,000 applied toward writing down foreign assets. The gains achieved in 1941 are due in some measure to the defense boom, and theatre attendance has registered about a 5% increase over a year ago.

The consolidated balance sheet as of Aug. 30, 1941, shows net working capital of $13,181,000. Total current assets of $28,747,000 included cash of $7,431,000, receivables of $1,679,000 and inventories of $19,506,000. Current liabilities totaling $15,563,000 included accounts payable of $4,358,000, tax reserves of $4,074,000, serial bond instalments of $2,225,000 and notes payable of $708,000. Current ratio was 1.85 to 1.

Of total assets of $169,575,000, $5,209,000 or 3% is located in foreign countries, principally England and Canada. Of total net current assets of $13,181,000, $923,000 were located abroad.

The 6% debentures, due Sept. 1, 1948, were originally issued in 1929 as ten-year bonds to mature in 1939. By supplementary indenture dated Sept. 1, 1938, they were extended for another ten years. Those of the original issue which were unexchanged were paid off at the call price. The present bonds carry a restriction against cash dividends unless consolidated net tangible assets equal at least 1.6 times aggregate consolidated debt and subsidiary preferred. At Aug. 30, 1941, this ratio is estimated to have been 2.23. The bonds also carry a sinking fund which in 1942 will be equivalent to a sum equal to the redemption price of 4% of the total amount of bonds outstanding; this rate runs through 1944, and from then on through 1947 the amount is 5%. Up to March 1, 1944, the debentures are redeemable at 100½; thereafter at 100.

The movie industry appears to be strategically situated insofar as present conditions are concerned and is likely to suffer less from the war situation than any business. Since consumer purchasing power in this country is certainly increasing and priorities, taxes and other restrictive measures will divert funds from such restricted articles, more and more should flow into the type of entertainment this industry has to offer.

With this in mind, plus possible "windfall profits" from abroad, coupled with the management's record of debt reduction, the debenture 6s appear to be in a relatively attractive position marketwise. Selling at 96½, the bonds offer a high rate of return together with the possibility of call if any refinancing is attempted under present money market conditions.

Va. Pub. Service Attractive

The current situation in Virginia Public Service Co. is most interesting in view of the pending reorganization and recapitalization pending under the plan filed with the SEC on Nov. 7th, according to a memorandum issued by T. L. MacDonald & Co., 29 Broadway, New York City. Copies of this interesting memorandum, which describes briefly the effect of the proposed reorganization and anticipated earnings may be had upon request from T. L. MacDonald & Co.

Considers Utilities Depression-Proof

(Continued from Page 1314)

is benefited by the rate structure. Excluding complete suspension of service, any economy on the part of domestic and commercial consumers reduces the amount of energy taken at low rates, while the smaller volume used is billed at the higher rates of the initial blocks. It is conceivable, therefore, that output could be reduced as much as 25% with only a 10% decline in revenues. With economies of operation made possible by curtailment in production, the 25% loss of output would not, as is often assumed, wipe out the earnings available for the equity stock even though such earnings were only 10% of gross.

The utilities are no less favorably situated with respect to their operating costs, and fears of a squeeze between fixed rates on the one hand and prospects of rising costs on the other are largely without foundation. Only about 45% of gross utility revenues is required to cover operating costs, including maintenance. These consist primarily of wages and fuel costs which normally take about 17% and 13% of gross, respectively, while managerial and executive salaries constitute about 6% of gross, and other operating costs 5%. Depreciation, general taxes and interest of a conservatively capitalized company require about 33% of revenues, leaving 26% of gross for income taxes and dividends. Income taxes at the rate of 31% would reduce the amount available for dividends to about 18% of gross. A conservatively capitalized company whose fixed charges amount to 12% of gross, would require another 5% for preferred dividends which would leave 13% of gross available for the common stock.

The accompanying income account [Table A] of a hypothetical well-managed and conservatively capitalized utility with a gross of $95,000,000 annually indicates that common stock earnings would decline only 13% if wages, fuel and other variable costs should increase 10% without any offsetting factors. Since it is assumed that 60% of the total unit output consists of industrial power which accounts for only about 30% of gross revenues, more than half of the higher fuel cost would be compensated for by increased revenues from industrial sales. However, it is more likely that fuel costs would rise faster than wages, and the last column in the table shows what effect a 10% increase in wages and other variable costs and a 20% increase in fuel costs would have on common stock earnings. In this case the compensating rise in industrial rates would greatly cushion the effect on common stock earnings which would decline only 16% from the levels existing prior to any increase in costs.

Greater efficiency over a period of time might make it possible to absorb a portion of higher wage rates, but initially the burden would fall in full on earnings unless an offsetting increase in rates were permitted. Fortunately, however, the utilities are favored with a low wage bill (about 17% of gross compared with 47% in the case of railroads) and a moderate increase in the labor charge would not affect earnings greatly.

No allowance has been made in these calculations for a possible increase in general taxes. Such taxes are now well recognized as an important factor in costs and, should any increase be necessary because of higher costs of local government, an offsetting rate increase would undoubtedly be permitted. Nor do these estimates give any consideration to increased consumption which would be likely to accompany an inflationary rise in fuel and labor costs, or possible higher rates which could justifiably be requested during a period of rising prices.

While the owner of any business must assume the risks of changes in profit margins and gross volume, these are minimized in the case of utilities and, until recently, have been reflected in a relatively high price-earnings ratio. Ordinarily the rate structure and operating factors, which restrict the improvement as well as the impairment of earnings, would make stocks of operating utilities suitable only for income purposes and would preclude any appreciation possibilities other than those incident to the longer term growth potentialities of the industry. The recent pessimism regarding utilities has, however, over-depressed these stocks to the point where such high grade issues as Cleveland Electric Illuminating, Boston Edison and Consolidated Gas of Baltimore sell only 10 to 15 times earnings and afford a return of 6½% or better. When the fears which are now causing these low prices prove unfounded, the price earnings ratio may well return to 15 to 20 and the yields decline to 5%. The price rise incident to such a recovery would be 30% to 50% which, considering the nature of the security and the small risks involved, should appeal to investors who are unwilling to assume the risks inherent in industrial stocks during a war period.

Only a few high grade common stocks of utility operating companies are available to the public, but many of the holding companies are working on plans to distribute the stocks of their operating subsidiaries. Issues such as Houston Lighting, which National Power & Light contemplates offering in exchange for its own preferred stock, have an indicated market value even lower in relation to earnings and dividends than some of the utility operating company stocks already outstanding. Undoubtedly this is due in part to uncertainties as to how the Securities and Exchange Commission will enforce Section 11-B, of the Holding Company Act and whether these subsidiary stocks will actually be received. Voluntary distributions of operating company stocks, however, will probably be encouraged by the Commission and may be supplemented in some cases with forced exchanges where liquidation on the basis of an unreasonably low market valuation would result in an unjustified loss to the junior security holders of holding companies. The low initial price of these underlying stocks indicated by the market price of the holding company securities, however, should make them attractive to investors and enable them ultimately to show substantial enhancement in value.

TABLE A—INCOME ACCOUNT
(000's omitted)

		Adjusted for 10% Rise in Variable and Fuel Costs	Adjusted for 10% Rise in Wages and Other Variable Costs and 20% Rise in Fuel Costs
Gross Revenues—			
Domestic	$32,500*	$32,500	$32,500
Commercial	32,500*	32,500	32,500
Industrial	30,000*	30,750	31,500
Total	$95,000	$95,750	$96,500
Operating Expenses—			
Fuel	12,500†	13,750	15,000
Wages	16,150	17,765	17,765
Managerial and executive salaries	5,700	5,700	5,700
Other operating costs	4,750	5,225	5,225
Depreciation and amortization	10,450	10,450	10,450
General taxes	9,500	9,500	9,500
Gross income	$35,950	$33,360	$32,860
Fixed charges	11,400	11,400	11,400
Net income before income taxes	$24,550	$21,960	$21,460
Income tax (31% rate)	7,810	6,807	6,652
Net income	$16,740	$15,153	$14,808
Preferred dividends	4,750	4,750	4,750
Available for common stock	$11,990	$10,403	$10,058

	Kwh.	Average Rate
*Domestic	1,000,000,000	3.25c
*Commercial	1,000,000,000	3.25c
*Industrial	3,000,000,000	1.00c
Total	5,000,000,000	

†2½ mills per kwh.

Executive Committee Of Ass'n Of S. E. Firms

An Executive Committee of the Board of Governors of the Association of Stock Exchange Firms was appointed on Nov. 26 by James F. Burns, Jr., President, to serve during the ensuing year. The committee consists of the following Governors of the association:

George Storer Baldwin, Burr, Gannett & Co., Boston.

J. C. Bradford (First Vice-President of the Association), J. C. Bradford & Co., Nashville.

Harold T. Johnson, Jas. H. Oliphant & Co., New York City.

George R. Kantzler, J. E. Swan & Co., New York City.

Homer A. Vilas, Cyrus J. Lawrence & Sons, New York City.

Mr. Burns as President of the Association will be Chairman of the Committee.

A list of the Governors and new officers of the reorganized Association appeared in our issue of Nov. 20, page 1107.

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1315)

gets fed up at just looking at somebody sleeping, unless of course, the sleeper is young and pretty.

* * *

Of course, there is the war to consider. At least there is something that makes interesting reading, particularly with the way some things are going now. The Russians are chasing the Germans to hell and gone out of Rostov; the British are finally doing something in Africa and even the Japs are beginning to do a lot of double talk they call face saving. Of course the war could go a lot better, still who am I to look a gift horse in the mouth.

* * *

In this country, you and I know that business is booming. The only place where things aren't milk and honey is right here in the business of buying and selling them for profit (?). I can give you a handful of explanations for this too, but as I am supposed to be interested in the stock market, what it consists of, and what makes it tick, I had better stop throwing my screwy philosophy around and get down to cases.

All right then. Here they are. Despite the doleful moans about how bad they look and how much further down they're all going, I believe the present is the time to buy and not to sell them. Never mind asking why. I can't answer that without reaching out and grabbing a couple of reasons out of thin air. Not that I can't do that, either. The trouble is that before this even gets into print the "well rounded and thoughtful reasons" that I may take so much trouble to think up may look awfully silly. So I'll leave causes to economists and limit myself to effects.

* * *

Since last week the market managed to not only sell down to a new level for the move but Tuesday and yesterday turned around, went up and, surprise of surprises, did it on million-share days. True there was a piece of news to pin the improvement on—the railroad settlement. Still how many pieces of good news had this market had at which it stuck it's tongue out? And anyway the market was not limited to rails. They all went up. Well, almost all anyway.

* * *

Looking at the stock tape you can't be impressed with what so often turn out to be surface wiggles. But if you look at the tape in retrospect, —yesterday, the day before, and the week before that— and add the whole thing up, you will see that there are more stocks that resist the down trend than there are playing follow-the-leader.

* * *

So far this may not be significant, but I think if you wait until somebody rings a bell and yells "They're off!" you'll be left with nothing but a handful of memories to console you.

* * *

I don't think they'll stay around these levels much longer. I know you're thinking, sure, they'll go lower. Well, maybe they will. You never get a guarantee with 'em. But the chances are against it. In any case you still hold five stocks. These, with their purchase price and stops follow:

* * *

Bendix 37, stop 34 (now 38). Gulf, Mobile & Ohio pfd. 20, stop at 17 (now 21). N. Y. Shipbuliding 15, stop 26 (now 28). U. S. Steel 53, stop 49 (now 52, plus $1 dividend) and Warner Bros. 5, stop 3¾ (now 6). My advice is to keep holding them.

* * *

Here's another stock that has been acting well of late, Wheeling Steel. Suggest buying it between 25½-26½ with a stop at 24½.

* * *

And by the way, I think U. S. Steel will shortly take its place as a market leader with plenty of oomph.

* * *

J. E. A., Cincinnati, Ohio — Thanks for the posies. I wouldn't be human if I didn't like to get letters like yours. I agree with you on fire insurance and casualty stocks. Certainly your theories about fire losses seems sound, but what with one thing and another I haven't given the group the study it deserves. However, I'll look into it.

* * *

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.]

Farm Product Prices On Nov. 15 Are Down

The general level of prices received by farmers for agricultural commodities on Nov. 15 showed a decline of four points from a month earlier, the U. S. Department of Agriculture reported on Dec. 1. The decline was the first to be experienced since the price upswing began last April, but the ndex at 135% of the August, 1909-July, 1914 average still was 36 points above a year ago. The Department gave the following details of changes:

Fruit led the decline, prices of new crop citrus fruits dropping sharply and more than offsetting advances in apple prices. Cotton and cottonseed prices also dropped abruptly, and meat animal prices declined moderately. Gains were recorded for some commodities, especially chickens and eggs—up 11 points —and grains, and dairy products.

Aggregate crop production is expected to be about 4% larger than for 1940. Grain supplies, both for feed and bread, are more than ample. Production of dairy and poultry products was exceptionally high in the first two weeks of November, and marketings of livestock were up 6% over last year.

Despite abundant supplies, an increased demand for farm products has supported local market prices at considerably higher levels than a year ago. This is partly a result of payrolls which are about 40% larger than at the same time last year.

Although he was receiving slightly less for his farm produce than on Oct. 15, the farmer was paying somewhat more for the things he bought, particularly for food, clothing and furniture. Prices of some commodity groups, however, were leveling off. Steady-to-lower farm prices were more than offset by advances in prices paid for family maintenance items.

Oct. Consumer Loans Up

Consumer loans by industrial banking companies aggregated $43,100,000 in October of this year, an increase of 12.2% compared with September when the volume was the smallest for any month in three years and a decrease of 2.9% compared with October, 1940, according to figures issued Dec. 2 by the Department of Commerce.

Industrial banking companies made loans aggregating $470,800,000 during the first 10 months of this year ending October, an increase of 6.2% compared with the corresponding period of last year, it was reported.

Consumer repayments on industrial bank loan obligations totaled $44,600,000 during October, 5.2% above September and greater by 1.4% than for October of last year. Consumer repayments for the January-October period of this year totaled $454,900,000, it was said.

Industrial banking company consumer installment loan balances totaled $303,600,000 at the end of October, a decrease of $1,500,000 compared with September.

October was the second consecutive month of this year that installment loan receivables held by industrial banks decreased from the preceding month. The decrease of $1,500,000 recorded for October, however, was not as marked as the $4,000,000 decrease in September, the first month of control of consumer credit under regulations of the Federal Reserve Board according to the Department of Commerce.

The Securities Salesman's Corner

SOME PLAIN TALK ON DIRECT MAIL ADVERTISING

Our column for this week is going dogmatic for a change. We are going to state some convictions that are based upon samples of direct mail literature usually sent out by securities dealers and investment brokers.

Conviction number one is that most of these mailings are a waste of time and money. We have been repeatedly advised by many investors that most of this "junk," as they termed it, has been a nuisance to them and it is usually tossed directly into the waste basket.

Conviction number two is that this condition is wholly unnecessary. Also, that direct mail can be used by any securities dealer to increase his business and to build good will.

In this short article, it is difficult to present the complete requisites of a successful direct mail department which will creatively augment the efforts of the sales department. Nevertheless, the following highlights of the approach to such a program are, in the writer's opinion, absolutely essential before profitable results of any consequence can be achieved.

Point No. 1—The mail campaign should be tied in with the efforts of the sales force. Isolated mailings of circulars, whenever the firm has anything to sell, should be part of a complete plan *—not the major effort of the mailing and advertising department.* Most investors have told us that the only time they ever hear from an investment firm is "when the dealer has something to sell." Yet, this is a personalized business, where the individual investor and the Securities Dealer are supposed to enjoy the most confidential of business relationships. The psychology of such an advertising and mail campaign is almost analogous to having your doctor circularize you regarding his great specials on X-ray examinations or rib fractures or your lawyer writing you a letter that he had some excellent buys in damage suits or divorce cases. This is a far-fetched analogy, but the principle is the same. Is it any wonder that mailings which predominantly stress an offering of a security go right into the trash basket?

Point No. 2—Dignity has its place in life, but if carried to extremes, it is often mistaken for coldness, crustiness and highbrowism. We believe that most financial advertising is too dignified. When it comes to advertising, we believe the average security dealer is still unconsciously following certain beaten paths that were laid down years ago when the Securities Business belonged to the Cabots and the Lowells, and a bank was a place where people spoke softly lest they wake the dead. Today, you've got to do something different to "awaken the dead!"

Step out of the crowd. Don't be afraid to be different. Use imagination. Talk American—write simply—be—human and to "H" with the dignity. The kind of dignity we mean is that which is dead, dull and staid, for it is worthless and costly advertising. Character is different, and advertising that has character, which is based upon sincerity, upon human interest in your fellow man and upon a certain introduction of the personality of the advertiser is certain to obtain successful results. It may be dignified to send a long, involved letter, replete with hedge clauses, etc., etc., to a list of investors, but this alone won't bring orders. A soundly conceived, humanized mail approach which is tied in with the coordinated efforts of the sales force can be replete with character, and in addition it will SELL.

Point No. 3—A direct mailing should have objectives. They should be divided into classifications. For instance:

(a) Follow-ups for regular customers and active prospects.

(b) Mailings particularly adapted toward securing business from specialized accounts, viz., municipal buyers, institutional accounts, buyers of particular industry securities, such as rails, utilities, insurance stocks, etc. This is the work of the coordinator between the sales organization and the mailing and advertising departments. It is of fundamental importance in achieving success. Why should an ultra-conservative buyer of municipals receive a letter advising the purchase of a non-dividend paying speculative common stock, and yet this happens almost every day in the securities business.

Likewise, every salesman should know which of his active accounts and prospects are receiving the advertising, also the date when it is sent to them and the contents of the message. After all, it is the salesman's customer, and he is the only one who has to take care of his customer's needs. The firm can only back up the salesman and this is the proper and most effective method of increasing business.

Unless the salesman can personalize and direct the advertising department's efforts in this respect, the entire campaign falls apart and much of its effectiveness is hampered and destroyed.

Next week, we are going to bring out certain specific suggestions in regard to direct mail advertising that will illustrate the practical applications of the principles set forth in this week's column.

We call your attention specifically to an idea which we are going to pass along to our readers in next week's column. Recently this "mailing idea" was used by a stock exchange firm in New York City and out of 435 names circularized, they received 127 replies. This only goes to show that there is a right way to do everything, and that even today, investors will still show an interest if you go after them with the proper stimulants.

Calendar of New Security Flotations

OFFERINGS

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.

Offered Dec. 2, 1941, at $10 per share

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., and associates

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)

Effective 4:45 p. m. E.S.T. on Nov. 26, 1941

Offered Nov. 27, 1941 at $4.40 per share

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

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

Offerings will rarely be made before the day following.

THURSDAY, 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).

Bids will be received for the purchase of the securities at 90 Broad St., New York, before 11 a. m. E.S.T. on Dec. 16

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)

Company has filed an amendment with the SEC disclosing that the $3,700,000 first mortgage series A bonds of company would bear an interest rate of 4% per annum, and would mature on Dec. 1, 1961. Also, that the $700,000 of serial notes would mature $50,000 on each June 1 and Dec. 1 from June 1, 1942, to Dec. 1, 1948, both inclusive. The public offering prices of the bonds and notes, and the interest rates on the notes, will be supplied by a subsequent amendment to the registration statement

The underwriters, and the principal amount of the bonds and notes which each has agreed to purchase, are as follows:

	Bonds	Notes
	(000 omitted)	
Central Republic Co., Inc., Chicago	$1,050	$200
E. H. Rollins & Sons Inc., New York	900	170
Stern, Wampler & Co., Inc., Chicago	650	120
Coffin & Burr, Inc., Boston	600	115
A. C. Allyn & Co., Inc., Chic.	500	95

MONDAY, DEC. 8

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)

WEDNESDAY, DEC. 10

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)

THURSDAY, DEC. 11

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅝% 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)

SATURDAY, DEC. 13

KANSAS-NEBRASKA NATURAL GAS CO., INC.

Kansas-Nebraska Natural Gas Co., Inc., registered with SEC 48,468 shares common stock, $5 par value

Address—Phillipsburg, Kan.

Business—Company is an operating public utility company engaged in the purchase of natural gas in Kansas, and in its transmission and wholesale and retail distribution in the States of Kansas and Nebraska

Underwriting—Names of underwriters, and number of shares underwritten by each, are as follows: First Trust Co., Lincoln, Neb., 11,108 shares; Harold E. Wood & Co., St. Paul, Minn., 15,132; Estes, Snyder & Co., Inc., Topeka, Kan., 10,012; United Trust Co., Abilene, Kan., 5,552; Beecroft, Cole & Co., Topeka, Kan., 6,664

Offering—The 48,468 shares are subject to purchase, under certain options, by the above underwriters, from the company, at a price of $5.4545 per share for a block of 8,468 shares, and at a price of $5.50 per share for the remaining 40,000 shares. The underwriters, upon exercise of their various options, propose to reoffer such shares to the public at a price of $6.50 per share

Proceeds will be added to working capital of company

Registration Statement No. 2-4894. Form A2. (11-24-41)

CHESAPEAKE CORPORATION OF VIRGINIA

Chesapeake Corporation of Virginia registered with the SEC an unstated number of shares of common stock, $5 par value. Company estimates that the number of shares to be involved is 135,000 shares

Address—West Point, Va.

Business—Company is engaged in the manufacture and sale of sulphate pulp, Fourdrinier kraft board and kraft specialties

Underwriting — Principal underwriters named are: Scott & Stringfellow, Richmond, Va., and Blyth & Co., Inc., New York. Names of other underwriters will be supplied by amendment to the registration statement

Offering—The shares of common stock to be offered under this registration statement are already issued and outstanding, and are to be offered to the public for the account of certain selling stockholders. Public offering price will be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4895. Form A2. (11-24-41)

MONDAY, DEC. 15

NEW ENGLAND TELEPHONE & TELEGRAPH CO.

New England Telephone & Telegraph Co. registered with the SEC 222,243 shares of common stock, $100 par value

Address—50 Oliver St., Boston, Mass.

Business—This subsidiary of the American Telephone & Telegraph Co. is engaged in the telephone business in Maine, New Hampshire, Vermont, Massachusetts and Rhode Island

Underwriting and Offering—The 222,243 shares of common stock are to be offered pro rata by company for subscription at $100 per share, to its common stockholders of record Dec. 19, 1941, in the ratio of one share for each 6 shares then held. Subscription rights, evidenced by warrants to be issued to such stockholders, will expire on Jan. 15, 1942. The company may sell, at not less than $100 per share, such portion of the 222,243 shares as may not be purchased through the exercise of subscription rights, and in such event company will file an amendment to the registration statement stating the proposed number and offering price of such shares, the manner of sale and all other matters required to be stated in connection with such sale. The offering of the 222,243 shares is not underwritten

Proceeds will partly reimburse company's treasury for uncapitalized expenditures to its telephone plant; a portion of such treasury funds will be used to repay the parent AT&T for advances of approximately $13,500,000; and the remainder of the proceeds will be used for general corporate purposes

Registration Statement No. 2-4896. Form A2. (11-26-41)

THE MARYLAND DRYDOCK CO.

The Maryland Drydock Co. has filed registration statement with SEC for 112,740 shares of common stock, $1 par value

Address—Fairfield, Baltimore, Md.

Business—Engaged in a general line of ship repair, reconditioning and conversion work on ocean-going vessels, including freighters, passenger ships, tankers, colliers, dredges, lighthouse tenders, Coast Guard cutters, mine layers, troop ships and Navy destroyers, and also bay and river craft of most types

Underwriters—Shields & Co., New York, is named as principal underwriters; other underwriters will be named by amendment

Offering and Proceeds—The 112,740 shares of common stock are already outstanding and are owned by Koppers Co., which will receive all of the proceeds from the sale thereof. Upon consummation of the sale of these shares, Koppers Co. will not own any shares of common stock of company. The public offering price will be supplied by amendment to registration statement

Registration Statement No. 2-4897. Form S2. (11-26-41)

TUESDAY, DEC. 16

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $8 par value

Address—1400 Main St., Columbia, S. C.

Business—Engaged principally in the writing of fire insurance

Underwriting and Offering—The shares will first be offered for subscription to present stockholders, under their preemptive rights, at price of $16 per share. Unsubscribed portion of such shares will be offered to public at $18 per share, within 30 days after effective date of registration statement. Underwriters will be named by amendment; underwriting commission will be $2 per share

Proceeds will go directly to capital ($100,000) and the residue to surplus. Company deems it essential to comply with laws of New York State, soon to become effective requiring a minimum capital of $250,000 and with the laws of Massachusetts requiring a minimum capital of $300,000

Registration Statement No. 2-4898. Form A2. (11-27-41)

WEDNESDAY, DEC. 17

ABBOTT LABORATORIES

Abbott Laboratories registered with SEC 30,000 shares 4% cumulative preferred stock, $100 par

Address—14th St. & Sheridan Rd., North Chicago, Ill.

Business—Engaged in business of manufacturing fine pharmaceutical preparations, important medicinal chemicals and biologies, and widely used vitamin products

Underwriting—Underwriters, and number of shares which each has agreed to purchase, are: A. G. Becker & Co., Inc., 15,000; F. S. Mosely & Co., 7,500; Shields & Co., 7,500 (all of Chicago). Underwriting commission is set at $2.75 per share

Offering—Public offering price will be supplied by amendment

Proceeds will be used as follows: $1,382,654 to redemption, at $107 per share, of all outstanding 4½% convertible preferred stock; $400,000 to replace working capital heretofore or hereafter expended by company in connection with construction activities at company's plant; and balance for working capital

Registration Statement No. 2-4899. Form A2. (11-28-41)

THURSDAY, DEC. 18

GENERAL SHOE CORPORATION

General Shoe Corporation has filed a registration statement with the SEC for $2,500,000 of 15-year 3¼% sinking fund debentures, due Dec. 1, 1956

Address—513 Gallatin Ave., Nashville, Tenn.

Business — Manufactures and sells a range of low-priced and medium-priced men's and boys' shoes, including work shoes; boots; children's shoes; and growing girls' and women's shoes. Principal advertised trade names are Jarman, Fortune, Skyrider, Betty Barrett and Friendly

Underwriting—Smith, Barney & Co., New York, is named principal underwriters; others will be named by amendment

Offering—The debentures will be offered to the public, at a price to be supplied by amendment

Proceeds will be added to company's general funds

Registration Statement No. 2-4900. Form A2. (11-29-41)

SATURDAY, DEC. 20

TIME FINANCE CO.

Time Finance Co. registered with SEC $400,000 10-year 5% sinking fund debentures, due Dec. 1, 1951, and option warrants for 20,000 shares common stock, $1 par value

Address—Louisville, Ky.

Business—Engaged in the "small loan" personal loan business in Kentucky and Minnesota

Underwriting—Underwriters of the debentures are Piper, Jaffray & Hopwood, Minneapolis, and Bankers Bond Co., Louisville, Ky. Underwriting commission is 6%

Offering—The debentures will be offered to the public at 100. Purchasers of each $1,000 debenture will receive an option warrant entitling holders to purchase 50 shares of common stock on or prior to Dec. 1, 1943, at $2.75 per share; purchasers of each $500 debenture will receive option warrants entitling holders to purchase 25 shares of common stock on or before Dec. 1, 1943, at $2.75 per share

Proceeds will be added to working capital

Registration Statement No. 2-4901. Form A2. (12-1-41)

MERCK & CO., INC.

Merck & Co., Inc., registered with SEC 53,690 shares 4½% cumulative preferred stock, $100 par, and 30,000 shares common stock, $1 par

Address—Rahway, N. J.

Business—Manufactures and sells chemicals for medicinal, household and industrial purposes

Underwriting—Names of underwriters, and number of shares of preferred and common stock each has agreed to purchase, are as follows:

	No. Shares Pfd.	No. Shares Com.
Goldman, Sachs & Co., N. Y.	11,595	6,480
Lehman Bros., New York	11,595	6,480
Baker, Weeks & Harden, N.Y.	1,500	838
Bodell & Co., Inc., Providence	1,500	838
Bristol & Willett, New York	1,000	560
Dillon, Read & Co., N. Y.	5,000	2,794
Drexel & Co., Philadelphia	2,500	1,396
First Boston Corp., New York	3,500	1,956
Harriman Ripley & Co., Inc. New York	3,500	1,956
Hemphill, Noyes & Co., N. Y.	2,000	1,118
Kidder, Peabody & Co., N. Y.	2,500	1,396
Laird, Bissell & Meeds, Wilmington, Del.	2,500	1,396
Merrill Lynch, Pierce, Fenner & Beane, New York	2,500	1,396
Union Securities Corp., N. Y.	2,500	1,396

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

Proceeds to company from sale of the 53,690 shares preferred stock, will be applied to payment of a $3,000,000 1¾% serial bank loan; balance will be added to company's general funds

Registration Statement No. 2-4902. Form A2. (12-1-41)

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., has filed registration statement with SEC for 1,000 shares 6% non-cumulative preferred stock, $100 par; 3,500 shares class A voting common stock, $1 par; and 50,000 shares of class B non-voting common stock, $1 par

Address—108 Market St., Danville, Va.

Business—Manufacture and sale of Pinehurst cigarettes and other brands and smoking tobaccos treated with the company's patented Panax Process

Underwriting—None. Securities will be sold by officers and licensed salesmen of company, and by John W. Yeaman, of Martinsville, Va. Commission to selling agents is $12.75 per share of preferred and 75 cents per share for the class A and B common stock

Offering—The securities will be offered to public at following prices: $85 per share for the preferred stock, and $5 per share each for the class A and class B common stocks. The preferred and class B common may also be sold in units of one share of preferred and 3 shares of class B stock at $100 per unit

Proceeds will be used to purchase a manufacturing plant, equipment, advertising campaign expenses, and for working capital

Registration Statement No. 2-4903. Form A1. (12-1-41)

SUNDAY, DEC. 21

KEARNEY & TRECKER CORP.

Kearney & Trecker Corp. filed registration statement with SEC for 198,083 shares common stock, $3 par value

Address—6784 W. National Ave., West Allis, Wis.

Business—Manufactures and sells milling machines, which are machine tools widely used in industry for the facing, removal and shaping of metal through the application of a multiple toothed rotating cutting tool to a work piece secured to a moveable table

Underwriters—Blyth & Co., Inc., New York, and The Wisconsin Co., Milwaukee, Wis., are named principal underwriters, others will be named by amendment. Underwriting commission will be $3.50 per share

Offering—The shares registered are already outstanding and are to be sold to the public for the account of certain selling stockholders; public offering price will be supplied by amendment. Proposed maximum offering price, based on the SEC filing fee, is $30 per share

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4904. Form S2. (12-2-41)

PITTSBURGH STEEL CO.

Pittsburgh Steel Co. has filed a registration statement with the SEC for $2,000,000 of first mortgage series B 4½% bonds, due Dec. 1, 1950

Address—1600 Grant Building, Pittsburgh, Pa.

Business—Engaged primarily in manufacture and sale of semi-finished steel products, wire products and tubular products

Underwriting—Kuhn, Loeb & Co., and A. G. Becker & Co., Inc., both of New York, each have agreed to purchase $1,000,000 principal amount of the bonds

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

Proceeds to extent of $1,040,000 will be deposited with Trustee and will be withdrawn from time to time in the future against property additions which are not contemplated; balance for working capital

Registration Statement No. 2-4905. Form A2. (12-2-41)

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.

Calendar of New Security Flotations

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
Victor Common & Co.	1,000

Amendment filed Nov. 25, 1941, to defer effective date

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)

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)

Amendment filed Nov. 24, 1941, to defer effective date

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 $830,000 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

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)

Amendment filed Nov. 8, 1941, to defer effective date

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 of which 1,376 shares have been sold heretofore and rescission offer is made

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)

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)

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)

Amendment filed Nov. 27, 1941, to defer effective date

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)

Company filed amendment (Nov. 28, 1941) with SEC disclosing the terms under which its 500,000 shares of no par common stock, outstanding and owned by National Power & Light Co., would be offered in exchange for the outstanding $6 preferred stock (279,716 shares) of National Power & Light Co. National Power & Light is offering to each holder of its $6 preferred stock the right to exchange all or any part of his holdings of $6 preferred stock, in full share amounts up to 90% of such holdings, for common stock of Houston Lighting & Power Co. on the basis of two shares of Houston common for one share of National $6 preferred stock. Expiration date of exchange offer will be supplied by amendment. Exchange agents are Bankers Trust Co., New York, and First National Bank, Houston, Tex. The exchange offer is permitted as a step preparatory to dissolution of National Power & Light Co.

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% 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)

Amendment filed Nov. 26, 1941, to defer effective date

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 par

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

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

Underwriters—To be named by amendment

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

Amendment to defer effective date filed in Cleveland Nov. 28, 1941

LA CROSSE TELEPHONE CORP.

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

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse, Wis.

Underwriter—Alex. Brown & Sons

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

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

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

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅛ 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 6,453⅛ 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.

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 50,000 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).

Amendment filed Nov. 28, 1941, to defer effective date

NORTHERN NATURAL GAS CO.

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

Address — Aquila Court Bldg., Omaha, Nebraska

Business—Production and transmission of natural gas

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

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

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

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

Northern Natural Gas Co. filed an amendment to its registration statement 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)

Effective 3 p. m. E.S.T. on Nov. 25, 1941

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)

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)

Withdrawal—Registration statement withdrawn Nov. 28, 1941

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)

Amendment filed Nov. 25, 1941, to defer effective date

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 common stock will be sold by the company direct to (exclusively) retail druggists, at $50 per share

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

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

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

(This List is Incomplete This Week)

Van Ingen Opens Miami Branch Under R. Cook

Announcement of the opening of a branch office in the Alfred I. du Pont Building, Miami, Florida, under the management of Robert H. Cook is made by B. J. Van Ingen & Co. Inc., New York municipal bond firm, 57 William Street, New York City. Mr. Cook, President of Robert H. Cook, Inc., a Miami municipal bond firm, has been elected a Vice President of B. J. Van Ingen & Co. Inc. and is affiliating himself and his staff with the Van Ingen firm. In addition to Mr. Cook, F. Boice Miller, E. C. Hodge and R. E. Watson are becoming associated with B. J. Van Ingen & Co., Inc. in the new branch.

Both B. J. Van Ingen & Co., Inc. and Robert H. Cook, Inc. have been closely identified with Florida municipal financing for a number of years.

Gude, Winmill Adds Anrews, Bell, et al

Following the dissolution of Jas. B. Colgate & Co., the New York Stock Exchange firm of Gude, Winmill & Co., 1 Wall Street, New York City, has announced that Howard E. Andrews and James C. Bell, former Colgate partners, together with George A. Conner and Charles H. Kohler of the Colgate staff, will be associated with their firm.

The branch office formerly maintained by Jas. B. Colgate & Co. at 17 East 42nd Street will be continued by Gude, Winmill & Co. and the personnel of this office will remain unchanged under the management of W. Dale Sutton.

Write For Booklet

A most attractive booklet containing complete outlines of 30 corporations local to the Pacific Northwest, entitled "Pacific Northwest Securities" has been compiled by Grande & Co., Inc., Hoge Building, Seattle, Wash. Copies of the booklet, which is bound in a red leather cover with a ring binder for handy reference, may be had for the asking from Grande & Co., Inc.

On Road To Recovery

PORTLAND, ORE.—George F. Patten, Manager of the trading department of E. M. Adams & Co., American Bank Building, was rushed to the Good Samaritan Hospital, 2266 N. W. Marshall St., recently for an appendectomy. He is doing nicely and is on the road to recovery.

Our Reporter On "Governments"

There's no doubt about it—the weight of billion-dollar financings every few weeks is bearing heavily upon the Government market these days. . . . This week, a billion and a half-dollar deal. . . . Next month, another billion-dollar operation, which is disturbing even though it's for refunding purposes only. . . . And day-to-day releases on the costs of defense financing leave no room for question as to the prospects for borrowing in 1942. . . .

Out of this huge financing pattern of the U. S. Government, two points are beginning to show clear outlines. . . . They're of vital interest, too, and so, we list them. . . . Leaving the details to a later date or to the imagination of the institutional or individual involved. . . .

(1) The Treasury has a definite plan for dividing its financings among insurance companies, banks, individuals. Each class of investors is to be offered a different type of security as the months roll on. Each is to be restricted to buying a type of obligation believed most suited not only to the needs of the investor but to the inflation-control program of Government authorities . . .

(2) There is less insistence on record-low interest rates in the nation's capital today than at any time in recent years. . . . Already, "unofficial sanction" has been given to minor increases in short-term money rates. And it may be taken for granted that the nation's monetary authorities recognize the close connection between rising short-term money rates and rising long-term money rates. . . .

More about the emergence of these two points in a major pattern of public financing will be written in the coming months, as the points become more and more apparent to all investors. . . . In the meantime, it may be wise for all holders of Governments to consider their portfolio policies in the light of these developments. . . .

The Refunding Outlook

Considering the size of the new money borrowing, it was wise of Secretary Morgenthau to postpone the refunding of the 1¾s to next month. . . . Especially since the delay will extend over only a few weeks. . . .

That refunding calendar is filling up rapidly, by the way. . . . And the Treasury's decision to shift its guaranteed debt to the direct debt—to reveal to all the true size of the national debt, in other words—means that we'll be witnessing an even faster rise in the debt than would be the case were Morgenthau only listing the additional cash borrowings. . . .

Here's what the refunding total will include in January, assuming the market holds up fairly well and present plans go through:

\$426,000,000 1¾% notes due Mar. 15; \$310,000,000 RFC ⅞% notes, due Jan. 15; \$103,000,000 FFMC 2¾s due Mar. 1, 47/42; \$236,000,000 FFMC 3s due Jan. 15, 47/42.

That means a \$1,075,000,000 refunding in one operation. . . . And that suggests this deal too probably will take the form of long-term securities. . . .

And it means, incidentally, that more than \$600,000,000 of indirect debt will be transferred to the direct debt column, making the total national debt look even larger to the casual observer. . . .

Inside The Market

Many professional traders now swinging to the bearish side of the market, saying general price level of long-terms is too high in view of foreign conditions, domestic policy outlook. . . .

Some short selling going on and increase in this sort of activity is looked for. . . .

Definite indications from Washington that both Morgenthau and Reserve Board Chairman Eccles believe commercial banks should not be encouraged to buy more long-terms. . . . Instead, they should be restricted to intermediate securities and long-terms should be placed with insurance companies and savings banks. . . .

On other side of the picture is Metropolitan Life Insurance Company's change in base rate to 2¾%. . . . Indicating this company, at least, has given up hope of getting bonds at higher yields than exist at present and is arranging its affairs to fit in with this belief. . . . Several savings banks throughout the country also cutting interest payment rates at the end of this quarter, suggesting similar opinions. . . .

New Treasury 2½s of 1972/67 not so well absorbed even now. . . . Stories around indicating selling by individuals and commercial banks, buying of securities at lower levels by insurance companies. . . . Another realignment of position in the market. . . .

New York commercial banks not nearly as important a factor in the market since last boost in bank reserve requirements, cutting their buying power fairly severely. . . . May come back in a few months, but at the moment, the insurance companies are the more powerful influence. . . .

War loan deposit method of paying for Treasury bills—now permitted by Treasury Department—is being widely used, particularly by banks outside of New York City. . . . New York City banks using it less than other institutions. . . .

To the middle of November, leading life insurance companies had purchased more than \$1,000,000,000 of U. S. Government bonds, against \$983,000,000 of Governments purchased in same 1940 period. . . . Until a few weeks ago, 1941's purchases were running behind last year's, suggesting in another way how active insurance companies have been since sale of the long-term 2½s. . . .

The Size of the Debt

With all the talk about the current issue and with the forecasts of huge-borrowings-to-come, the question arises as to how big will the U. S. debt become?

"At least \$100,000,000,000 within a few years," says one expert on the subject. . . .

"At least \$125,000,000,000 if the war continues through 1943," says another. . . .

Not one anticipates a debt of less than this figure. . . . Not one dares compare the \$23,000,000,000 debt America had at the end of the first World War or the debt the U. S. had at the beginning of the Roosevelt Administration with the forecasts for 1942 and 1943. . . . The comparison is too startling, too disturbing. . . .

And yet,—and here is the important point—there is less fear today of the Government's ability to carry its debt and to repay it than there was a few years back. . . . At least there is little comment about this angle among informed observers. . . .

Perhaps "resignation" to the future is the reason. . . . Or perhaps, the trend of the national income is mitigating apprehensions. . . . Anyway, here is an intriguing sidelight of the present public financing situation. . . .

Some Angles on the Financing

This week's deal is the last of the 1941 calendar year. . . .

It is the second major war-time financing of the Treasury, the first having been the \$1,200,000,000 sale of 2½s. . . .

It marks a departure in Treasury policy, for, for the first time in years, Morgenthau is separating refundings and cash offerings—in order to solve the ticklish "right" problem. . . .