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The COMMERCIAL and FINANCIAL CHRONICLE

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OUR REPORTER'S REPORT

World-wide war and the prospect for heavy demands upon the money market by the National Government to finance our part in the struggle cloud the outlook for the corporate new issue market as the new year begins.

Recognizing the uncertainties the investment banking industry nevertheless is inclined to look on the brighter side of things. It is realized that the readjustment which the high-grade market has experienced in recent months probably writes "finis" to the long phase of refundings.

This fact is more or less generally accepted since few, if any, companies in a position to do so have refrained from refinancing their outstanding debts. Those who failed to take advantage of conditions in recent years are

(Continued on Page 7)

Over-The-Counter Dealers Must Unite

Newspaper Quotations Now Make It Impossible To Conduct Business At Profit

In our issue of December 18 we carried an article under the above heading. It disclosed the situation which has arisen under the new NASD system of preparing quotations on over-the-counter securities for publication in the press.

We concluded with a request that over-the-counter dealers write us their views on the subject.

On December 25 we presented a number of replies received prior to that date.

Today we make room for others which have since come to hand.

Further comments and suggestions are urgently asked. Requests that names not be printed will be scrupulously observed.

We heartily agree with you that the NASD and SEC should take immediate steps to correct the present unfair method of quoting over-the-counter securities. Almost all classes of labor are getting higher wages, and rates charged for conducting all business have increased. At a difficult time like this through which the Investment Dealer is endeavoring to do his job to the best of his ability, it is most unjust that his opportunities for profit are severely impaired by the present quotation method used, while the Government has upheld the demand for all other types of business for increased rates. Certainly the previous system used should at least be adopted again.—*Richard G. Ives, Treas. (Danbury, Conn.), R. G. Ives & Co., Inc.*

"YOU SELL 'EM AND WE'LL EXECUTE THE ORDER"—So say the Stock Exchange Members.

And why not? The more over-the-counter dealers the Stock Exchange member can get to work for him—for nothing—the better chance he has of very nearly keeping out of the red. And when it comes to over-the-counter securities, the branch office or local member house can make the full commission without having to split with the New York correspondent or home office. Now isn't that something—to make an eighth perhaps instead of a sixteenth.

I sold a man some Manufacturers Trust preferred and told him at the time, it would cost him half a point. The selling of this stock necessitated two personal interviews, a telephone call and numerous comparisons. This man is a high grade bond buyer and had to be shown in detail why he could afford to buy some Manufacturers Trust preferred.

The day after I received the order my customer called me on the phone with fire in his eye. I was a robber charging $50 a hundred instead of $18. He knew, because a customers man of a member house had just told him so. I immediately legged it up to my customer's office and it took me nearly as long to sell him on the idea that I was entitled to the $50 commission as it did to sell him the stock in the first place.

The security business is the only business I know of which does not protect the retailer by some more or less uniform commission or spread basis. A great many manufacturers and wholesalers insist upon a retail price structure which allows the retailer to make a fair profit.

We, "The Over-The-Counter Dealers," hear that the Stock Ex-

(Continued on Page 10)

Our Reporter On "Governments"

If anything happens in the U. S. Government market next week—or, in fact, between now and mid-January—it will be a great surprise to just about every observer of the bond lists. . . . For this is the period of statement-writing. . . . This is the time for totaling up the year's business, for recapitulation and planning. . . . The large investors have retired to the sidelines and aren't buying or selling. . . . The smaller ones may act now and then but they're not important enough to the price trend to deserve more than passing notice. . . . So the present lull is entirely "according to Hoyle." . . . If anything, the fact that we can have a breathing spell—just as always—less than a month after the beginning of world-wide war is a heartening thing to consider. . . .

Most institutional tax selling and switching deals have been completed. . . . Despite the heavier tax burden and the prospects of unprecedented increases in levies next year, tax operations in the Government mart, at least, were comparatively minor this year. . . . Not so in the stock markets, of course—another reflection of the stability of the high-grade lists as against the weakness of the stock marts. . . .

Temporarily, the Federal Reserve System has retired from the open market and it will stay out until price gyrations indicate official support is necessary. . . . Which may or may not be soon—chances are against it. . . . Direct buying to date has been exceedingly moderate considering the news. . . Major factor, as this column has mentioned several times

(Continued on Page 11)

INDEX

Regular Features

The Securities Salesman's Corner

OPPORTUNITIES IN DEFENSE BONDS

It seems to us that there is an opportunity for an alert Security Dealer in every community to both serve his country and also build up his clientele, if he chooses this time to sell Defense Savings Bonds.

Too many times the average Dealer is met with skepticism and distrust when he first contacts individuals with whom he hopes to do business. In Defense Savings Bonds we have a medium that is made to order for establishing investor confidence. What citizen would not be favorably impressed by an appeal to his patriotism, especially when it is an offering of an investment which is backed by the faith and credit of our national government? We also believe that any Dealer who made such a campaign in his community would not be the loser for it—either financially or in the regard and esteem in which he would be held by his neighbors.

True enough, there is no profit allowed in selling these bonds. On the contrary, the entire expense of such a campaign would have to be charged off as an original loss. But there is the new client angle which is of importance in figuring out the eventual dollars and cents involved in this kind of an effort. A few new clients might more than pay for such a campaign—and we believe it is more than likely that this would be one way of acquiring them.

In setting up a campaign to sell Defense Savings Bonds we would first procure lists of people who are not known as qualified investors. Such lists might well include:

Professional men and women;
Corporation executives;
Government employees and teachers;
Small business men;
Members of clubs and fraternal orders.

Then we would prepare a letter. In this letter we would simply state as briefly as possible that we were offering to help the citizens of our community in their purchases of Defense Savings Bonds. That since we were Dealers in securities and investments we believed that it was our duty to cooperate in this great national effort and to offer our established facilities to our country and community without cost and at our own expense. That we would take care of all orders for these Bonds because we believed it was everyone's duty to help put the V in Victory and we felt certain that everyone who could do so would buy them to the very limit of their ability.

We would enclose literature describing the various classes of the Defense Bonds which are available. This we would secure from the Federal Reserve, the Post Office, or our Bank. We would enclose a convenient reply envelope and a clear concise order blank with full instructions for placing the order. We would ask that checks or money orders be enclosed with the orders and would state that delivery of the Bonds would be made in due course. (Deliveries could be made by salesmen.)

This mailing could be followed by others on the same subject. A follow up by the sales organization could also be injected after such a mail campaign. It seems to us that a call made by a salesman or even a partner of the firm on such a mission would almost be about as perfect an introduction to a strange prospect as anyone in the securities business could desire.

We believe this campaign is worth a trial. One of the best methods of doing business is to interest people in **coming to you**. If people come to you, then you can place your business relationship upon a base that is infinitely more substantial and permanent than if you are constantly placed in the position of "going after them." The school teacher who might give you an order for a $500 series E Defense Savings Bond may never again purchase any more securities for his own account. But if he becomes acquainted with you and your firm, if he has an opportunity to see that men from Wall Street are also fine, sincere and patriotic citizens, who are concientious in their work and who earnestly desire to serve their fellow men and their country as well—then he might remember you some day when his Aunt Minnie starts talking about her bank box full of investment worries. Here is a way to meet Aunt Minnie and to have Aunt Minnie come to see you. For our school teacher friend might bring her down to the office to meet you—but first you've got to meet him, and this is one way to do it. Besides Uncle Sam can use his $500. How about it?

Office Procedure Comm. For S. E. Firms Ass'n

James F. Gurns, Jr., President of the Association of Stock Exchange Firms, announced today the appointment of an Office Procedure Committee consisting of ten partners and employees of member firms who are specialists in brokerage management. One of the first problems to be investigated by the Committee will be the handling of books and accounts in the event of air raids.

In instructions to brokers regarding precautions to be taken to avoid the loss of securities due to enemy action, the Association recommended recently that brokers keep duplicate sets of all records. The Committee will study the mechanical problems involved in duplicating records and at an early date will make specific recommendations to the financial community.

The Committee will cooperate with the officers of the Stock Exchange and with the Cashiers, Senior Margin Clerks, Order Clerks and Accounting Sections of the Association in the development of uniform accounting and bookkeeping practices.

The service of the Office Procedure Committee will be offered to the Government regulatory agencies in the solution of mutual problems.

Those appointed by Mr. Burns are: Harold P. Goodbody, Goodbody & Company; Walter Winter, Dominick & Dominick; Robert Ayres, Shields & Company; James A. Kiernan, Thomson & McKinnon; Matthew E. Smith, Jr., Harris, Upham & Company; Mortimer Brasch, Carl M. Loeb-Rhoades & Company; John Humm, Merrill Lynch, Pierce, Fenner & Beane; Frank W. Conlin, J. R. Timmins & Company; W. W. Reynolds, Cyrus J. Lawrence & Sons; and George E. Barnes, Wayne Hummer & Company (Chicago).

Mr. Goodbody was elected Chairman at the organization meeting of the Committee.

Woodward Gardiner To Be Snyder, Wilson Partner

TOLEDO, OHIO—Woodward C. Gardiner on Jan. 8, will become a partner in Snyder, Wilson & Co., 410 Madison Avenue, members of the New York Stock Exchange. Mr. Gardiner has been connected with the firm for a number of years.

Treasury To Accept NSTA Offer Of Aid

The following letter was received from Eugene W. Sloan, Executive Director of the Defense Savings Staff of the Treasury Department, by Herbert H. Blizzard, of Herbert H. Blizzard & Co., Philadelphia, president of the National Security Traders Association, in response to the Association's offer of its services to the Government in the sale of Defense Bonds and Stamps or in any way in the present emergency.

"Your very kind letter of Dec. 17, 1941 addressed to the Secretary of the Treasury has been referred to me for acknowledgment.

"Plans are now being rapidly developed by which we can avail ourselves of the patriotic services of all members of your Association.

"With sincere thanks and appreciation . . ."

F. Eberstadt & Co. Is Now a Partnership

A new partnership, F. Eberstadt & Co., has been formed to carry on the business previously conducted by F. Eberstadt & Co., Incorporated, which firm was dissolved as of December 27. The partners of the new firm will consist of Messrs. Ferdinand Eberstadt, E. C. Brelsford, Clayton DuBosque, Grinnell Martin and M. E. Simond, the principal officers of the former corporation. This step does not contemplate any change in the conduct of the business and is being made as a result of a feeling that the partnership form of organization is better adapted to present conditions.

Officers of the firm will continue at 39 Broadway, New York City.

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Reentered as second-class matter September 12, 1941, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.
Subscriptions in United States and Possessions $26.00 per year, $15.00 for 6 months; in Dominion of Canada, $27.50 per year, $15.75 for 6 months. South and Central America, Spain, Mexico and Cuba, $29.50 per year, $16.75 for 6 months; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year, $17.50 for 6 months. NOTE: On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

Urges Advantages Of Moving SEC to NYC

Upon receipt of reports that no definite decision has been made on the transfer of the offices of the Securities and Exchange Commission from Washington to another city, the Commerce and Industry Association of New York sent the following telegram to Fred E. Taylor, manager of Office on Decentralization Service:

"We urge you to use your influence to have the Securities and Exchange Commission move to New York City, where principal financial markets and transactions it supervises are located. Corporations throughout nation wishing to borrow money through sale of securities in New York market should be able to make arrangements with the SEC and with their bankers at the same time in same city, thus saving time, money, transportation and communications facilities for other much-needed uses. To move this agency to any other city would put needless added burden on these facilities. The fact that thousands of small establishments here, not readily convertible to war production, face shutdown due to material shortages affects the whole city and makes it necessary that means be found of furnishing counter-balancing activities. The city's large supply of office workers, living accommodations, uptown and downtown vacant office space, transportation readily accessible to all parts of country, and plentiful hotel accommodations, makes New York logical choice when relocating Washington bureaus to relieve congestion in District of Columbia."

The returns from a survey made among real estate people showing low and moderate rental housing available in New York City for Government employees was also sent to Mr. Taylor by the Association.

Stein Bros. Boyce & Barclay Moore Merge

Two well known underwriting and investment firms, both members of the New York Stock Exchange, become one through consolidation Jan. 2. These firms, Stein Bros. & Boyce of Baltimore, formed 88 years ago, and Barclay, Moore & Co. of Philadelphia, organized 41 years ago, will continue under the name of the Baltimore house. The principal office will be located in Baltimore at 6 South Calvert Street, and branch offices will be maintained in Philadelphia, New York, Louisville, Hagerstown, Cumberland, York, and Washington. Memberships will be maintained on the New York, Philadelphia, and Baltimore Stock Exchanges and on the country's other leading markets.


Mr. C. Prevost Boyce

The partners of the firm will be C. Prevost Boyce, Col. Henry C. Evans, William T. Childs, C. Newton Kidd, F. J. Dodson, all of Baltimore, and Milton S. Trost of Louisville, Robert S. Lansburgh of New York, and William K. Barclay, Jr. and James A. Williamson of Philadelphia. The last two members were formerly members of the firm of Barclay, Moore & Co. and will be resident partners in the firm's Philadelphia office, which will continue to be located in the Fidelity Philadelphia Trust Building.

William K. Barclay, Sr. and James Clark Moore, Jr., also former members of the firm of Barclay, Moore & Co., will maintain offices in the Philadelphia branch of the firm, with which the remaining staff of Barclay, Moore & Co. will also become associated.

J. G. Sheldon Joins C. K. Morris Staff

CHICAGO, ILL.—Charles K. Morris & Co., Inc., 135 South La Salle St., announce that J. G. Sheldon has become associated with them and has been elected a Vice-President of the firm. Mr. Sheldon began his investment career in 1919 with T. J. Bolger & Co., which later became Bolger, Mosser & Willaman. In 1923 he joined H. M. Byllesby & Co. where he managed the municipal bond department until 1933. Since that year he has served in the Chicago offices of Brown Brothers Harriman & Co., The National City Company, Blair Securities Corporation, and most recently with Channer Securities Corporation.

Form White, Hattier & Sanford In New Orleans

NEW ORLEANS, LA.—Harry H. White, Gilbert Hattier, Jr., and J. B. Sanford, Jr., formerly officers in the dissolved firm of White, Dunbar & Co., Inc., have formed White, Hattier & Sanford, a partnership, with offices in the Whitney Bank Building, New Orleans, and in the Lamar Life Building, Jackson, Miss. Mr. Sanford will make his headquarters in the Jackson office. George J. Bourg, formerly an officer of White, Dunbar & Co., and Robert W. Morris will act as Louisiana representatives for the new firm.

White, Hattier & Sanford will act as underwriters, participating distributors and dealers in municipal, general market and local securities specializing in Louisiana and Mississippi municipal issues. The municipal department will be in charge of Mr. Hattier.

Louis E. Combs To Be Tifft Bros. Partner

SPRINGFIELD, MASS.—Louis E. Combs, for many years manager of the bond and syndicate department of Tifft Brothers, 1387 Main Street, members of the New York and Boston Stock Exchanges, will be admitted to partnership in the firm on Jan. 8.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Dec. 29 that the tenders for $150,000,000 or thereabouts, of 76-day Treasury bills, to be dated Dec. 31 and to mature Mar. 17, 1942, which were offered on Dec. 26, were opened at the Federal Reserve Banks on Dec. 29. The following details of this issue are revealed:

Total applied for...$317,107,000
Total accepted..... 150,004,000

Range for accepted bids (excepting two tenders totaling $80,000):

High—99.961. Equivalent rate approximately 0.185%.

Low—99.927. Equivalent rate approximately 0.346%.

Average Price—99.935. Equivalent rate approximately 0.310%.

(65% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 31 in amount of $100,045,000.

Quincy Cass–Luckhurst Install Direct Wire

Luckhurst & Co., Inc., 60 Broad Street, New York City, and Quincy Cass Associates, 530 West Sixth Street, Los Angeles, Calif., members of the Los Angeles Stock Exchange, announce the installation of a direct private wire between their offices.

Geo. Ralston Becomes M. A. Cayne Partner

CLEVELAND, OHIO — George B. Ralston has been admitted to partnership in M. A. Cayne & Co., Fidelity Building, members of the Cleveland Stock Exchange. Mr. Ralston became associated with M. A. Cayne & Co. in 1940 and has been in charge of the municipal department. Prior thereto he was with Johnson, Kase & Co. and Wm. J. Mericka & Co.

William R. Smith has retired from partnership in the firm to join the Federal Reserve Bank in Cleveland.

John R. Taylor Now Saben Co. Vice-Pres.

BOSTON, MASS.—John R. Taylor, for many years President of Taylor & Co., Inc., has become associated with Saben & Co., Inc., 31 Milk Street, as a Vice-President, the firm announced.

Now Carmichael & Carson

Effective today the firm name of Carmichael, Carson & Asby, 52 Wall Street, New York City, members of the New York Stock Exchange, has been changed to Carmichal & Carson.

"JOTTINGS"

Now that rationing has moved in, here are some angles.

First, the less comfortable.

Shortages and rationing are likely to become the outstanding and most characteristic aspect of the American economic system—for the duration.

So far shortages appear chiefly in three categories—strategic imports, machinery, and metal products. But in a few months they are likely to crop up anywhere—and almost everywhere.

One reason for this is that defense authorities are getting round to the conversion of civilian plants wherever they can be converted. And where they cannot be converted, the law is likely to be changed soon so that even essential machinery in daily use in non-defense plants may be pulled out for transport to some war plant.

Substitutes are likely to prove a broken reed. Most substitutes of value are already in full use. Last spring many switches were made from aluminum and copper to lead and zinc; then the latter became scarce, too.

Scarcities in some things will only show up in the course of time, because the supply has already been cut off but inventories have so far protected the consumer. For instance, silk imports were stopped last August, but the supply of silk hose is just now running out.

In some ways—at least regards imports—it's our own fault, or the fault of Washington. We were unpardonably slow in our stockpiling program. And the Japanese had to actually get into Malaya and close to Penang before we began to conserve such things as tin and rubber.

Before Pearl Harbor, the calculation ran this way. Take the total production. Subtract what the present defense program calls for. The rest goes to the civilian. Now the calculation is reversed. Take the total production. Subtract the minimum on which civilians can get along. The rest goes to war.

Thus at last we match the economics of the totalitarians. They started war on rations. Their armed forces right from the beginning got everything civilians could be taught to dispense with. This is not gloom, it is realism. The British were contemptuous at first; they said "You can end a war on rations, but not begin it." So they didn't begin their war effort until Dunkirk. Then they learned.

Rationing in some things may come quickly and unexpectedly. The authorities may have to act that way. British "point-rationing" of clothing was suddenly sprung after great secrecy. It had to be, to prevent a preliminary public run which could have embarrassed the program. Even in this country consumers a fortnight ago were on the way to beating rubber rationing. Hence, the initial surprise—no sales of tires till Dec. 11, then till Dec. 22, then till Jan. 5, then the rationing announcement.

Now for the more favorable side.

The more drastic the rationing, the more effective our war-making and the quicker the victory.

At its severest, rationing in this country will be de luxe compared with that in even Britain, let alone Germany and Japan. It will curb what were once thought "essential luxuries." The effect will be only to clip the top off the American standard of living. No food shortages are in sight. Nothing is in sight to compare with the Englishman's need to get along with a four-page newspaper and one egg a week, or the German people's need to give their warm clothing to the Army, or with the average loss of from 20 to 40 pounds in weight of the average adult in Belgium or France, or with the rule that Norwegians can keep only one room in the house warm during the winter.

Rationing is the "democratic" way. It is the consumer's protection, not his exploitation. The alternatives would be (a) an inadequate war effort, or (b) to force the consumer to go without

(Continued on Page 6)

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. — **David M. Gallant** has become associated with **Maxwell & Company, Inc.**, 24 Milk Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Albert Alexander Hale**, formerly with Moody's Investors Service, has joined the staff of **Glore, Forgan & Co.** 123 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, IL. — **Maurice Davis** and **Frank L. Stebbins**, for many years with Winthrop, Mitchell & Co., have become associated with **Thomson & McKinnon**, Board of Trade Building.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Vincent Rogers** has become associated with **A. C. Allyn and Company, Inc.**, 100 West Monroe Street. Mr. Rogers was formerly with Haskell, Scott & Jennings, Inc. and J. H. Beall & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Nathaniel Crew Hamilton**, previously with Bond & Goodwin, Inc. and Paul H. Davis & Co., is now connected with **Smith, Barney & Co.**, 105 West Adams Street.

(Special to The Financial Chronicle)
FREEPORT, ILL.—**Henry Albert Lichtenberger** has become affiliated with **John Hucko & Co.**, Old Second National Bank Building, Aurora, Ill. Mr. Lichtenberger was formerly Freeport manager for Jilbert & Co., Inc. and prior thereto was with William H. Flentye & Co., Inc.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Frank O. Bruck**, formerly with Schwabacher & Co., has joined the staff of **Quincy Cass Associates**, 530 West Sixth Street.

(Special to The Financial Chronicle)
LOS ANGELES — CALIF. — **Alexander Brownridge** and **Dean W. Campbell** are now with **Lester & Co.**, 621 South Spring Street. Both were previously connected with Merrill Lynch, Pierce, Fenner & Beane and Banks, Huntley & Co.

(Special to The Financial Chronicle)
PITTSFIELD, MASS. — **Wilbur P. Smith** has been added to the staff of **J. Arthur Warner & Co.**, 156 William Street.

(Special to The Financial Chronicle)
PORTLAND, ME.—**James J. A. MacKnight** has been added to the staff of **Raymond & Company**, 35 Congress Street, Boston, Mass.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Robert M. Goodwin**, formerly manager of the trading department of the Chicago office of **Kaiser & Co.**, is now with the firm's main office in San Francisco, in the Russ Building.

(Special to The Financial Chronicle)
SANTA ANA, CALIF.—**William S. Allen** has become associated with **Lester & Co.**, 621 South Spring Street, Los Angeles, Calif. Mr. Allen was previously local manager for Merrill Lynch, E. A. Pierce & Cassatt.

(Special to The Financial Chronicle)
TERRE HAUTE, IND.—**Chester W. Vidal** has been added to the staff of **James E. Bennet & Co.**, Merchants National Bank Building.

(Special to The Financial Chronicle)
YOUNGSTOWN, OHIO — **John D. R. Barbour** has become affiliated with **McDonald-Coolidge & Co.**, whose main office is located in the Union Commerce Building, Cleveland, Ohio. Mr. Barbour was formerly with Wadsworth & Co.

Bonbright & Co. To Form A Partnership

Bonbright & Company, Incorporated, 80 Broadway, New York City, announce that steps are now being taken for the complete liquidation of that corporation and the formation of a partnership. It is expected that the partnership will commence business on Jan. 2, 1942. The members will be Sidney A. Mitchell, Pearson Winslow, Gail Golliday, August Belmont, all officers of the corporation, and Pierson M. Tuttle.

Arthur Wiesenberger To Admit W. Dodge

Washington Dodge will become a partner in Arthur Wiesenberger & Co., 56 Beaver Street, New York City, members of the New York Stock Exchange, on Jan. 8. Mr. Dodge has been in charge of the firm's investment department; prior thereto he was with Biggs, Mohrman & Co., and the Barrett Company, and in the past was financial editor for "Time Magazine."

Tomorrow's Markets Walter Whyte Says

A reaction of from 2 to 4 points is probable in the general run of stocks, but a number of issues are showing signs of latent strength; more specific suggestions below.

By WALTER WHYTE

Last week I explained that in spite of the poor action of most of the familiar market averages, individual stocks acted better than surface signs indicated. Such a condition, I summed up, placed the market in a better buying than in a selling position.

* * *

Enlarging further on this theory, I explained an old trading rule that the stocks to buy were those that had gone down the most. In the week just passed, the points made were proven. For not only did the worst actors of recent weeks turn around and add as much as ten points to recent prices but lots of other stocks, the so-called secondary issues, joined the "up" parade. All this was accomplished on a sharp step-up in volume.

* * *

Last Saturday, for example, sales reached the million share mark; Monday it approximated the three million share figure, the first time such a volume was seen since the middle of May, 1940. Tuesday, the volume went off a bit but still it came close to the two and a half million share mark. In fact, the last few days of the old year not only brought an increased volume, but also a rally that was the best seen since the early winter of 1940.

* * *

It doesn't take any acuteness to realize, once tax selling was out of the way, that some sort of rally would occur. The surprise lies in the fact that it was so sharp and had so much volume.

(Continued on Page 12)

Father Walsh To Speak State Bankers Meeting

Father Edmund A. Walsh, Vice-President of Georgetown University and head of its School of Foreign Service, will be dinner speaker at the 14th annual mid-winter meeting of the New York State Bankers Association, Jan. 19, at the Waldorf-Astoria, New York City, it was announced on Dec. 22 by Eugene C. Donovan, President. Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System, will address delegates at the meeting's morning session in the auditorium of the Federal Reserve Bank of New York. His subject will be "Credit and Monetary Policies in Wartime."

Royal Bank of Canada Shows Large Gains

The annual balance sheet and profit and loss account of The Royal Bank of Canada (head office, Montreal) issued to shareholders on Dec. 27, shows substantial gains under practically all important headings in the year ended Nov. 29, 1941.

Assets increased almost $120,000,000 to a record total of $1,075,119,761. The bank's liquid position continues strong with quickly realizable assets totaling $681,918,309, or 69.56% of the bank's liabilities to the public. Included in this total of liquid assets are notes of and deposits with the Bank of Canada of $86,542,227, cash and bank balances of $101,285,122 and dominion and provincial securities valued at $371,231,959. Advices regarding the bank's year-end report also state:

> Total public deposits also reached a new high figure of $902,152,676, an increase during the year of $97,546,128. In spite of a large volume of withdrawals for the purchase of victory bonds last summer, it is understood that public savings in Canada have since not only regained their previous high point but actually show an increase over the figure of a year ago, the bank's statement points out.
>
> Commercial loans in Canada during the period under review totaled $241,782,846, as compared with $229,451,217 in the previous year. Call loans are up $6,187,000. Foreign loans and loans to cities, towns and municipalities show slight contraction.
>
> Profits were well maintained despite increased operating costs due to larger staff, increased taxes, cost of living bonuses and other factors. After providing for taxes and appropriations for bad and doubtful debts, profits totaled $3,535,928. From this amount usual dividends totaling $2,800,000 were paid. $325,000 was set aside for pension fund society, and $400,000 for depreciation of bank premises. The balance of profit and loss carried forward amounted to $3,209,074, an increase of $10,928.

Baird Snyder Named Acting Wage-Hour Head

Baird Snyder was named Acting Administrator of the Wage and Hour Division by Secretary of Labor Frances Perkins on Dec. 13. Mr. Snyder, who was Deputy Administrator under General Philip B. Fleming, now Federal Works Administrator, will head the Division until further notice.

A native of Pennsylvania, Mr. Snyder became associated with the Federal Government several years ago when he was made principal engineer of the Resettlement Administration. He later became chief engineer of the Farm Security Administration and became connected with the Wage and Hour Division in 1939, becoming Deputy Administrator of the Division in June, 1940.

RAILROAD SECURITIES

Considerable speculative interest has developed recently in the Baltimore & Ohio bonds, centering particularly around the unsecured 4½s, 1960 (the junior issue in the debt structure), and the unlisted Secured 4s, 1944, selling, respectively, in the low 30s and the low 60s. The Secured 4s originally carried a coupon of 4½% and matured in 1939. Under the company's Chandler Act debt readjustment the interest rate was reduced and the maturity was extended for five years. The main security behind the bonds is represented by Baltimore & Ohio's stock interest in Reading Company. The unsecured 4½s, 1960, were naturally the most severely affected of the company's obligations by the Chandler Act adjustment, with the entire interest placed on a contingent basis for a period of eight years from Aug. 1, 1938. Obviously, therefore, the growing speculative interest in two such widely separated obligations of a single debtor springs from entirely different premises.

Active buying of the Secured 4s, 1944, which has resulted in a far better-than-average market performance in the weeks since the Japanese attack, is based primarily on the near maturity date and not on any improvement in the status of the underlying security pledged behind the bonds. This issue represents the first major principal maturity problem of the company and recent history supports the contention that the nearest maturity is the one apt to receive buying support from the company itself. Moreover, Baltimore & Ohio is committed, under the terms of its readjustment plan, to a definite policy of debt retirement so long as there are net earnings available for that purpose. After providing for a capital fund and for all accumulations of unpaid contingent interest, the company must currently use 75% of net income as a sinking fund.

It is estimated that there will be close to $5,000,000 available for this sinking fund out of 1941 earnings. With the same earnings in 1942, but without any back accruals of contingent interest to be made up, the sinking fund to be utilized in 1943 would be in excess of $13,000,000. Application of the major portion of these sinking funds to the 4s, 1944, would be sufficient to retire more than 70% of the entire amount outstanding with the public at an average price of 70. It is not considered likely that any of the sinking fund money will be used to reduce RFC debt as this could only be liquidated at face value and not at a discount as open market purchases of publicly held debt may be made. Also, it is not likely that the company would divert funds to retirement of more remote maturities so long as the 1944 problem remains as a threat. The potential market influence of wide-spread company buying of the 4s, 1944, is obvious, and is looked on as an attractive hedge against possible general market weakness that might affect bond issues far better situated from an absolute credit standpoint.

Purchases of the 4½s, 1960, on the other hand, are being made on an admittedly purely temporary speculative basis, predicated on continuation of the war-induced level of traffic and earnings for at least a few years to come. Even this junior issue, however, offers a hedge against general market weakness in that a substantial portion of the current market value is represented by cash income to be distributed next May. Since the effective date of the Chandler Act adjustment only one interest payment has been made on the 4½s, 1960. That payment of $6.67 per bond in 1939 represented earnings for the latter part of 1938. Therefore, there were interest accumulations of $147.08 per $1,000 bond as of the end of 1941.

It is virtually inconceivable that December results of Baltimore & Ohio could be so distorted as to bring earnings for the full year below the level necessary to cover the full accumulations of contingent interest. Payment of the contingent interest is mandatory if earned. Deducting the interest already accumulated from the recent market (around 31), leaves a net cost of only 16¼ for the bonds.

The regular interest rate affords a current return of 27.7% on this net price. The company should experience little difficulty in earning and paying the interest so long as the armament effort continues, and if the high level of traffic and earnings is maintained for a sufficient period it is possible that systematic debt reduction may even go so far as to solve the road's fundamental financial difficulties and eliminate, or postpone for a considerable period, the necessity for a thorough judicial reorganization.

Sec Orders Hearing

ST. LOUIS, MO.—The Securities and Exchange Commission has ordered a hearing on Jan. 12 at its St. Louis regional office to determine whether the registration of H. L. Ruppert & Co. as a broker-dealer should be revoked or suspended and whether the firm should be suspended or expelled from membership in the St. Louis Stock Exchange.

The SEC charged that the firm had no net capital employed in its business, owed substantial sums to investors and banks, hypothecated and commingled securities carried for different accounts, had not kept proper records, and had failed to disclose that a balance sheet submitted to secure Missouri registration was false.

Pending completion of the SEC investigation, the St. Louis Stock Exchange temporarily suspended the membership of H. L. Brocksmith, Vice-President of H. L. Ruppert & Co., Inc. Mr. Brocksmith stated that the firm had been liquidating accounts for several weeks to prepare for suspension on Dec. 26, had given notice of such intent to supervisory authorities, and that such "action on our part automatically rendered us ineligible to further trade on the St. Louis Stock Exchange." Arrangements have been made to meet all obligations and "it is anticipated there will be no loss to our customers," he added.

Wm. B. Matheson Is Now With Bradbury-Ames Co.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH. — William B. Matheson has become associated with Bradbury-Ames Co., Grand Rapids National Bank Building. Mr. Matheson was formerly Vice-President and General Manager of Roger Verseput & Co., Inc.

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—28½.

Bank and Insurance Stocks

This Week — Bank Stocks

"What's the matter with the bank stocks?" Dealers, investors and stockholders alike are expressing keen disappointment over the market action of New York City bank stocks as 1941 closes, tempered by the thought that perhaps they may be low enough to be "buys" despite flaws in their outlook for 1942.

Since Oct. 1, bank stock prices have plunged 26%, reaching on Dec. 23 their lowest levels since the depression year 1932. By contrast, the Dow Jones composite average of 65 stocks has declined 17% in the same period. From a 4½% yield basis and market equal to book values, bank stocks have declined to a 6% basis (giving effect to latest dividend rates) and 25% discount of book values.

Up to Dec. 4, however, bank stocks were doing no worse despite tax selling than the general market, declining in fact 7%, compared to 8% drop for the Dow Jones 65-stock average. Then the bank stocks ran into the crucial dividend meeting period, which resulted in dividend reductions of 20% and 30% by two leading banks and impaired confidence in the outlook for earnings and dividends. As a result, bidding resistance to tax selling became weaker, and the bank stocks turned independently downward.

In view of their substantial decline, a technical rally appears due in January if war news and market conditions permit. This would be helped by possible re-entry of tax sellers into the market at depressed prices, and by probably favorable annual reports, which are expected to show gains in earning assets and "bread and butter" earnings for 1941, despite the higher costs and declines in yields.

For example, Bank of the Manhattan Co. reports for 1941 a gain of 20% in "bread and butter" earnings, despite higher taxes and other costs and a decline from 2.03% to 1.84% in rate of return on earning assets. This is traceable to the substantial 27% expansion in earning assets.

For 1942, however, the outlook is clouded by probably lower security profits, higher salaries and other costs, increased taxes and the probability of wartime restrictions upon normal volume of banking loans to civilian industries. Since money rates are under strict Government control, the offset available to create operating earnings would have to be heavier volume of Government securities; but the ability of individual banks to carry heavier volume in relation to their capital funds varies considerably, as do operating expenses.

Under present conditions, therefore, those banks having moderate leverage ratios and good coverage of dividends by present "bread and butter" earnings alone would appear to be in the best position for the coming year. The following tabulation lists the leverage ratios and "bread and butter," so far as determinable, of leading New York City banks:

	Leverage Ratios (X Capital Funds) Earning Assets	Deposits	Net Profits (12 Mos. to Sept. 30, 1941)	"Bread and Butter" (Calendar Year 1940)	Annual Dividends
Bankers Trust	9.00	11.98	$3.15	$3.36	$2.00
Bank of N. Y.	9.60	13,80	20,26	†20.26	14.00
Bank of Manhattan	10.67	15.77	1.18	‡1.37	0.90
Brooklyn Trust	6.77	9.90	5.00	8.55	4.00
Central Hanover	9.06	13.24	6.28	5.77	4.00
Chase National	10.23	14.89	1.93	††	1.40
Chemical	8.37	12.13	2.28	§2.02	1.80
Commercial National	6.66	9.80	12.60	10.89	8.00
Continental	6.91	9.71	1.00	0.91	0.80
Corn Exchange	7.49	11.47	1.79	1.44	2.40
Empire Trust	9.76	13.73	4.41	2.92	3.00
First National	5.93	7,36	103.50	99.23	¶80,00
Guaranty Trust	6.34	8.63	14.87	14.11	12.00
Irving Trust	5.18	7.55	0.71	0.62	0.60
Manufacturers	8.49	11.89	2.37	†3.92	2.00
National City	13.19	17.96	**1.75	1.85	1.00
New York Trust	8.08	13.03	5.17	†5.49	¶3,50
Public National	7.78	9.89	3.35	†3.35	2.00

†For 12 months ended Sept. 30, 1941. ‡Estimated, for year 1941. §Unofficial estimate. ¶Dividend rate recently reduced to above rate. **Exclusive of recoveries. ††Not available.

By "bread and butter" is meant regularly recurring income from lending, investing and other normal banking operations, exclusive of profits on turnover of security portfolio or recoveries. What it is for the purpose of comparing banks is often difficult to determine, because of the absence of detailed income account data and varying accounting practices in the treatment of amortization charges and security profits. With investments constituting 70% of earning assets and contributing 55% of earnings from loans and investments, variance in accounting methods in handling investment income might often lead to wide differences in "bread and butter."

To illustrate, one bank may use reserves to charge off the entire premium on bonds, thus entirely relieving operating earnings of the amortization charge. Then when a bond marked down to par is sold at a premium, the entire premium is treated as security profit. This method, therefore, inflates both "bread and butter" and security profits, and might often lead to surprising results in reported profits when portfolio is being reduced.

Another bank, by contrast, will set up the bond on the books at actual cost, then charge amortization against operating earnings and take into "bread and butter" the net after amortizaiton.

It is in treating replacements that even some of the conservative banks sometimes compromise. For example, in being obliged to sell some 2¾s in the face of impending call, a bank might have to replace these with 2½s, but take in enough of the realized security profit to make the net book return on the new 2½s the same as on the replaced 2¾s.

Then some banks, after realizing security profit, replace the amortization charge element in security profit over book value, to amortization reserves, thus relieving current operating earnings to that extent of amortization charge.

These differences show that even if available, the figures of "bread and butter" may be neither comparable nor conclusive. They are, however, some guide to indicated coverage of dividends by operating earnings alone.

For 1942, it is likely that taxes may become an increasingly important expense item. In absorbing higher taxes and other costs, scale of operating expenses of individual banks show considerable variation, and greater selectivity will therefore be required. Taxes for 1940 (including real estate taxes) totaled $17,500,000 for reporting New York City member banks, or only 6.8% of gross earnings. Surtax of 7% alone, however, on present volume of Governments may add about $7,300,000 to taxes, while normal tax will become increasingly applicable to income as the supply of tax exempts gives way to fully taxable issues.

The new year will probably also see further curtailment in non-defense production and distribution, thus entailing probably shrinkage in civilian loan volume and necessitating increased reliance upon Government securities as an outlet for available funds. A major determinant of bank earnings in 1942, therefore, will be the yields placed on new issues of Government securities, which will influence other money rates as well.

JOTTINGS

(Continued from Page 4)

by letting the cost of living get out of sight.

Rationing would be a hardship only on a public not keyed to a real war effort. "It all depends on how you look at it." The public's rush to enlist and to buy defense bonds indicates its true mood—if anything more warlike than the Government itself. Everybody will be rationed alike. Decentralization of rationing, plus the traditional American attitude of fair play, indicate that everybody will go without alike.

What really will go by the board is "keeping up with the Joneses." In its place will be "keeping down with the Smiths." Rationing will help the American housewife, by reverting to traditional and fast - disappearing American thrift, to help her budget, her husband, and her country at one and the same time.

Rationing makes the problem of price-control vastly easier. Since rationing became pervasive in Britain the cost of living has almost ceased to rise. When consumers are, in their own interest, prevented from running for a shrinking supply of the semi-luxuries of life, demand is artificially but effectively adjusted to supply.

The "democratic" nature of rationing is indicated by the fact that in Britain it was the public which forced it on the Government in many cases, not vice versa.

Rationing will be a great help to defense bond sales. In all but the lowest income brackets in this country, it has been the semi-luxuries, not the necessities, which have taken the spare cash. Rationed down to a frugal but healthy living, the American public will have so much the more additional cash to put into defense bonds.

And the more defense bonds it buys, the less the Treasury will need to (a) raise in taxes or (b) borrow by inflationary methods through the money market from the banks.

Rationing will be a substantial protection against post-war hard times. It will pile up a backlog of needs and wants on the part of the American public to be released as soon as the war is over and industry can be converted back to civilian production. Remember the building boom in this country in the early 'twenties as a result of the residential shortage developed during World War I.

Miscellaneous. . . . It looks as though by the time the banks get 'round to their own daylight saving plan here, to allow for getting their people home early, the Washington authorities may have declared it for the whole country. Savings in electric power consumption would be small but important. Risk from air raids though small, would be further minimized. . . . Decline in Telephone, in the face of increasing earnings, may be due to fear of the same policy the local banks have been following, of dividend cuts to conserve cash. New York Telephone and other affiliates will need large amounts of cash next year for further plant expansion, and the Government or the SEC may not by that time be very favorable to having these needs met through borrowing from the investment market so long as the money can be raised out of "plowed in" earnings. . . . What a change from the philosophy of the undivided profits tax and Section 102 of the Revenue Laws penalizing "undue retention of earnings."

N. Y. Security Analysts To Hear Col. Lewis On War

The January Luncheon Meeting of the New York Society of Security Analysts, Inc. will be addressed by Colonel George Chase Lewis, well-known speaker and authority on military affairs, graduate Army War College, former Commandant of the Army's Overseas Depot, for many years on duty in the Philippines and in the Far East. His subject will be "Philippine Defense and the war in the Far East."

Arthur D. Whiteside, President of Dun & Bradstreet, and until recently head of the steel priorities division of OPM, will be an honor guest and has consented to answer questions from the floor regarding America's defense production.

Reservations for the meeting, which will be held on Jan. 6 at 12:30 p.m., at Block Hall, 23 South William Street, should be made through Miss Lennon of the office of Shelby Cullom Davis, program chairman of the Society (Bowling Green 9-3789). Covers are $1.30 per person including tip, and members may bring guests.

Chester Iverson Is Now With Goodbody & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Chester S. Iverson, a member of the Chicago Stock Exchange, has become associated with Goodbody & Co., 135 South La Salle Street. Mr. Iverson was formerly with Merrill Lynch, Pierce, Fenner & Beane, Fuller, Rodney & Co., and Lamborn, Troup & Co.

Church & Kershaw With Brailsford, Rodger Co.

(Special to The Financial Chronicle)

CHICAGO, ILL. — Garrett S. Church and Glenwood Haigh Kershaw have become associated with Brailsford, Rodger & Co., 208 South La Salle Street, members of the Chicago Stock Exchange.

Our Reporter's Report

(Continued from First Page)

considered as having "missed the boat" unless by some unforeseen means the market reverts to its record high levels.

But with the pressure of excess reserves likely to be eased, so far as the money market is concerned, it looks now more than ever before in the New Deal sponsored easy-money episode, as if the "gilt-edge" market may have passed its zenith for the present cycle.

However, the hope of bond men is that the war effort will necessitate much new plant construction with consequent call for funds to finance such expansion will provide business to offset in part at least any slowing down in refundings.

Such new money financing this year, though not fully up to earlier expectations, proved the best in volume for a considerable period, and accounted for about 38 to 40% of the total of all new financing undertaken.

The proportion in 1939 was below 30%. The extent to which the bankers share in financing of new industrial plant will depend, however, on the scope of the Government's participation in the field.

Treasury Refunding

Secretary of the Treasury Morgenthau is expected to reveal next week details of the huge refinancing which is on its schedule for the early part of the month.

Coincident with his recent new money offering the Treasury head revealed that he planned to refund through an issue of new securities, a total of $1,076,000,000 of direct and agency issues coming due in the first quarter.

The Treasury itself has $426,000,000 of 1¾% notes maturing March 15, and in addition the January operation will provide for $311,000,000 of Reconstruction Finance Corporation notes and two Federal Farm Mortgage issues in the amount of $339,000,000.

It is expected in Government bond circles that Mr. Morgenthau will do this job in one operation, but will forego any call for new money at this time.

Finishing With A Rush

Junior grade railroad liens set the pace for the listed market in the closing sessions of the year moving up with a rush from the depressed levels of a week ago.

Secondary carrier issues, nevertheless, have provided day to day traders in the bond market with their best opportunities throughout the year.

For weeks, however, with the wage negotiations going on, and then early this month on the outbreak of war in the Pacific superimposed on the customary year-end tax-selling they had been in a definite downtrend.

With the lifting of tax-selling, however, and a little better complexion on the war news, something of a vacuum developed and sharp run-ups were the rule throughout that quarter of the list.

Next Big Issue

The next big financing operation slated to go into registration is that of the Schenley Distillers Corporation designed to provide for funding of its outstanding $29,500,000 in bank loans.

Bankers who will handle this business indicate plans call for early filing of registration of $27,500,000 of debentures of the total $10,000,000 will be in the form of sinking fund bonds due in 1952, and the balance will mature in 1957.

The sinking fund portion of the issue, it is expected, will be covered by provisions sufficient to retire the full $10,000,000 by maturity.

N. Y. Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of G. Clinton Miller, deceased, to Clark Williams will be considered on Jan. 8.

Allen T. West, general partner in G. H. Walker & Co., making his headquarters in the firm's St. Louis office, has become a special partner as of today. Philip H. Watts, Exchange member, retired from partnership in the firm on Dec. 31.

Herbert R. Johnson, general partner in Orvis Brothers & Co., New York City, became a limited partner effective today.

Orville H. Bullitt, general partner, became a limited partner in W. H. Newbold's Son & Co., Philadelphia, today.

Bernard J. Harrison, member of the New York Stock Exchange, became a limited partner in Henderson, Harrison & Co., New York City, as of Dec. 31. He was formerly a general partner in the firm. On the same date Edgar Palmer, a limited partner, withdrew from the firm.

H. D. Fransioli, Exchange member, a limited partner in Fransioli & Wilson, New York City, will become a general partner on Jan. 2. The firm's office is now at 14 Wall Street, at W. E. Hutton & Co.

Allan Bond, special partner in Bond, McEnany & Co., New York City, became a general partner in the firm effective today.

Frank F. Thompson retired from partnership in James E. Bennett & Co., Chicago, on Dec. 31.

Hartwell P. Morse, partner in Geo. D. B. Bonbright & Co., Rochester, N. Y., with headquarters in Binghamton, retired from the firm on Dec. 31.

Charles H. Blair withdrew from partnership in Carlisle & Jacquelin, New York City, on Dec. 31.

Hugh Cassel has withdrawn from partnership in H. Cassel & Co., New York City, as of Dec. 29.

Schuyler J. Bergen, member of the New York Stock Exchange, retired from partnership in John V. Dunne & Co., New York City, on Dec. 31.

William B. Thompson retired from Filor, Bullard & Smyth, New York City, on Dec. 31.

Charles W. Welsh, special partner in Robert Glendinning & Co., Philadelphia, is withdrawing from the firm as of today.

E. L. Geary, partner in Hornblower & Weeks, with headquarters in Boston, retired from partnership in the firm Dec. 31.

Henry W. Brower retired from partnership in Laidlaw & Co., New York City on Dec. 31.

Stanley A. Russell withdrew as a partner in Lazard Freres & Co., New York City, on Dec. 31.

E. Wright Noble, William H. Raye, Mary S. Pope, and Earle H. Rodney, member of the New York Stock Exchange, all limited partners in Merrill Lynch, Pierce, Fenner & Beane, New York City, withdrew from the firm on Dec. 31.

Richard K. Buechler retired as a partner in Newman Bros. & Worms, New York City, on Dec. 31.

Abraham Eller retired from partnership in Salomon Bros. & Hutzler, New York City, on Dec. 31.

Frank A. Schirmer, special partner in Schirmer, Atherton & Co., Boston, Mass., withdrew from the firm on Dec. 31.

Thomas W. Merritt, general partner, and William Simpson, limited partner, retired from Shields & Co., on Dec. 31. Mr. Merritt made his headquarters at the firm's Chicago office.

J. Ritchie Kimball retired from Smith, Barney & Co., New York City, on Dec. 31.

Elisha Riggs Jones withdrew from partnership in Stein Bros. & Boyce, Baltimore, Md., effective Dec. 31.

Andrew M. Montgomery, Milwaukee, and Bernard E. Smith, member of the New York Stock Exchange, withdrew from partnership in Thomson & McKinnon, New York City, as of Dec. 31.

Barclay, Moore & Co., Philadelphia, Pa., dissolved as of Dec. 31.

Loeb, Alsberg & Co., New York City, dissolved Dec. 31 1941.

"Banking" Outlines Tax And Defense Bond Plan

A plan to assist both income taxpayers and the Government under which taxpayers would have the option of buying a special type of defense bond in lieu of paying part of their taxes is outlined in the "Condition of Business" survey by William R. Kuhns, editor of "Banking," journal of the American Bankers Association, in the publication's January issue. The survey points out that during the coming year, income tax payments will offer increasingly serious competition to sales of the Treasury's defense bonds, when in fact both the bond and tax programs have a single objective—raising needed money for the defense program.

The article sets forth that the Treasury might, under the plan, offer all income taxpayers the privilege of meeting a portion of their taxes by purchasing the special bonds, which would not be redeemable until after the war has been won. Satisfactory ratios of bond purchases to tax payments could be worked out to meet the Treasury's needs and the financial position of taxpayers, the survey declares; it adds:

This would be nothing more than frankly facing the realities of the situation. The whole program of selling bonds for war purposes faces a barrier of sales resistance in the form of tax obligations, whereas the two things are identical from the point of view of the Treasury, which simply needs money to defeat our country's enemies.

The proposition would be an out-and-out choice between war taxes and war bonds, the ratio being fixed on a reasonable basis which would also take into consideration the market and public psychology. One big advantage of such a plan would be to relieve the depressing effect of heavy taxes on public morale and another would be to eliminate the vast promotionary effort needed to sell defense bonds under present circumstances.

Production Credit Associations Busy

More farmers and ranchers are now borrowing from production credit associations throughout the country, than at this time last year and loans are larger, the Department of Agriculture reported on Dec. 24. This increase activity, it is said, is attributed largely to the efforts of farmers and ranchers to attain production-for-victory goals. During the first 11 months of 1941, loans made by the production credit associations amounted to approximately $374,000,000 compared to $315,000,000 for the same period of 1940.

"Many farmers are in need of extra cash to carry out their 1942 individual goals," said C. R. Arnold, Production Credit Commissioner, "and many of them are turning to the associations for their funds. Loans are made for all sorts of agricultural production activities and for new equipment in many instances."

Investment Trusts

The management of Affiliated Fund, Inc., which more than a year ago had instituted an investment policy of selling securities on rallies, and accordingly of building up a large reserve of cash and Government obligations, has been prompted to activity by the market decline. This change in management sentiment was indicated in a special communication to shareholders, mailed over the weekend—in advance of the mailing, due soon, of the regular annual report. In the special communication, Andrew J. Lord, President of the Fund, discussed "the current status and future outlook for the securities markets"; and expressed the management's belief that a fundamental change was near at hand in the market, from a long deflationary trend to a long-term inflationary upturn.

Mr. Lord said:

"The history of the company (Affiliated Fund, Inc.) may be divided roughly into two periods: the first from inception in June, 1934, to March of 1937; and the second from March, 1937, to the present. During the earlier period, stock market prices were in an advancing trend, and the shares of the company showed a handsome appreciation, in addition to paying substantial dividends. In the latter period, stock averages have declined persistently, and the shares of the company have shown more than average depreciation. During the past year, however, the leverage factor has been largely offset by holdings of cash and governments in the portfolio, with the result that the decline in the value of the shares has been much smaller than if the funds of the company had been fully employed.

"Although the management policy until September was to build up this large reserve of cash and governments (close to $8,000,000) to the end that the capital of the shareholders might be preserved, we have begun to employ these funds within the past two or three weeks. A portion of the cash was obtained by the liquidation at a profit of approximately one-third of our position in medium-grade bonds. This position is now being retaken at substantially lower levels, and it is anticipated that buying, of both stocks and bonds, will be accelerated on further market weakness.

"This change is of importance to shareholders, and we feel that they are entitled to a statement concerning it. Selected bonds and stocks are cheap today by many yardsticks, and the prospect is for substantial earnings and dividends—even after increased taxation—for our leading commercial enterprises.

"There is another factor, however, which is coming to assume increased importance. The term 'inflation' has been bandied about for several years, and we have been disposed to give it little weight in our management considerations because it has seemed to us that deflation was the order of the day.

"But as the tides of the sea ebb and flow, so do the economic tides rise and fall. Inflation is already here in many fields. Commodity prices have already risen, and the housewife experiences the inflation trend in the cost of living. Clothing, rents, new building, tires and food, have already reflected the inflationary processes that are at work. And in our opinion it is only reasonable to suppose that the cost of securities — particularly common stocks—will experience the same inflationary tendencies. The selected issues which we have begun to buy produce an unusually attractive return—opportunities that are present only when the rank and file of investors are thoroughly discouraged about the outlook. We think that these purchases will, moreover, show appreciation as the inflation factor becomes effective."

In addition to explaining the management's belief that in 1942 a *value-gaining* job can be done

(Continued on Page 10)

Municipal News & Notes

The nation's tax bill for State and local government rose to all-time records in 1940 and 1941, at a time when Federal collections were jumping to unprecedented levels to meet the costs of rearmament and war, according to the National Industrial Conference Board.

State and local taxes reached a total of $8,538,000,000 in 1940, nearly $400,000,000 greater than the previous peak in 1938, and a preliminary estimate indicates that they rose to about $8,925,000,000 in 1941.

These figures compare with total Federal tax collections of $5,569,000,000 for 1940 and a record $7,673,000,000 for 1941. Higher rates on a considerably larger national income indicate that there will be an even greater increase in Federal collections in the fiscal year 1942.

The highest per capita State and local tax bill in 1940 was paid in New York and amounted to $108.77. New Jersey followed with $97.29 per capita. Next in order were California, $92.14; Nevada, $90.11; Massachusetts, $87.76; Connecticut, $83.82; Illinois, $78.24; Rhode Island, $77.61; New Hampshire, $74.62, and Arizona, $71.30. The United States average was $64.70 per capita.

Local Finance Supervision By States

To aid their local governments in financial practices, and to adjust state-local fiscal relationships generally, each of the 48 States has set up some type of administrative supervision, a study issued by Public Administration Service shows.

The study, by Wylie Kilpatrick, Government Finance authority, pointed out that few of the states, however, have attained a well-rounded approach in their supervision. Dr. Kilpatrick recommends a single department in the State to supervise all local financial functions, and a separate State Commission on local finance to "bridge the gap between State and local governments in an impartial, non-partisan, and technically specialized manner."

Two general types of state supervisory agencies are found at present, according to the study. The main type, usually an accounting agency, handles audit, budget and debt functions in connection with the local governments. A secondary type performs such functions as budget supervision or serves as an appellate body to pass upon the amounts or legality of bond issues, budgets or tax levies.

State supervision of local government finance was introduced half a century ago, to insure the receipt of all state tax dollars, and later came to include improvement in local administration. Wyoming, in 1890, was the first state to adopt an act interrelating supervision of accounts, audits and reports.

High Court Rules On Gas Tax Claims

The U. S. Supreme Court ruled last week that the Federal Government has prior claim for gasoline taxes over the claims of a State, in the settlement of an insolvent Texas gas dealer's estate. The Texas Supreme Court ruled that the State had first rights, mortgage holders second and the Government third. Overruling the lower court, the decision of the Supreme Court held that mortgage holders came first, the Federal Government next and the State third.

Penna. Law Says Farewell To Long-Term Bond Issues

Municipal officers carrying on the old tradition of liberal borrowing by bond issues, postponing first payments until they are out of office and extending the final maturity date an almost indefinite period—30 years was a favorite one—now must cope with a new situation, legal restrictions on their former prerogatives. Act 87 of the 1941 session of the Pennsylvania Legislature is a simplification of the myriad of laws passed in the last 75 years affecting municipal bond issues.

The Act provides that all bonds must mature serially in annual installments starting in the second year after the date of issue, except for small issues, where the rule may be relaxed to make the bonds saleable. Municipal bonds have been issued in the past which did not begin to mature for five or ten years after sale.

The law further provides that bonds must mature within the period of usefulness of the property or improvement to be purchased by the proceeds—an apparently drastic restriction, since so many sewer and road bonds floated in the last 20 and 30 years are still being paid for while the sewers or roads have long since disappeared or been changed out of all similarity to their original plans. — Wilkes-Barre Independent.

New Jersey's Bond Debt Reduced

A $75,000,000 drop in New Jersey's bonded indebtedness in the past five years is hailed by C. Armel Nutter, President of the New Jersey Association of Real Estate Boards, as a "step in the direction of government economy and lower taxes."

"Our municipal and county governments throughout the State should be urged to folow the lead of the State government in this respect," said the realtor head.

"The State's gross bonded debt which in 1935 was nearly $200,000,000 now is down under $120,000,000. This trend is commendable and should be encouraged."

Miss. Road Bond Issue Advocated

State Highway Commissioner T. J. Lowry is advocating enactment at the forthcoming session of the Mississippi Legislature of authorization for the issuance of $10,000,000 bonds, to be used for supplemental road building in 1942 and 1943.

The Commissioner is quoted as saying the bonds could be issued without an increase of the current six-cents a gallon state tax on gasoline.

He said he is opposed to a $40,000,000 to $50,000,000 additional issue, as advocated by some, even though he said the bonds perhaps could be sold at a low interest rate.

Records of the State Highway Department show that since 1936 Mississippi has spent more than $100,000,000 for highway construction. The funds included $60,000,000 of state funds; the remainder in Federal, including several millions of WPA funds.

Oregon Lifts State Property Tax

For the first time in Oregon's history there will be no property tax for State purposes, including the elementary school levy, under the schedule filed last week for the first six months of 1942.

The Tax Commission said 1941 income tax receipts exceeded estimates by $1,821,058, and added it was probable there would be no property levy for the fiscal year starting next July 1.

Missouri River Diversion Pushed

Diversion of waters of the Missouri River for irrigation of 1,300,000 acres of ranch and farm land in Montana, Western North Dakota and South Dakota and in other Great Plains states, got a big boost recently at Bismarck, with indications best in several years that this long-fought-for and greatly desired project may be obtained.

This new impetus was applied at a regional meeting of the National Resources Planning Board with representatives present from Montana, North and South Dakota, Wyoming and Nebraska, all states which stand to profit by the diversion which it is asserted will add $20,000,000 a year in crop and livestock farm revenue and would increase the population of the area by 125,000.

Alaska Exhibits Remarkable Progress

Alaska, the bountiful, is worth more today in realized wealth than at any time in its history, and is at the same time of high strategic importance as a link in the national defense. To many it will come as a surprise to read in the report of Governor Gruening that the gold production in 1940 of $26,178,000 in bullion actually exceeded that of the gold rush of 1897-1899. That is more than 3½ times the purchase price of $7,200,000 paid to Russia, also in gold, back in 1867, when Andrew Johnson was President. That does not begin to tell the story, for the value of the fishery products last year of this territory, without a nickel of public debt, exceeded $36,000,000, a shrinkage of $3,000,000 from the figures of 1939.

In a decade the population of Alaska has increased 35%, but though its area is 584,000 square miles, its population is only about 80,000. One of its principal handicaps has been lack of good communication by rail and public highway. The existence of no fewer than 155 airfields shows how its people, fully abreast of the times, seek to overcome that handicap.

Scranton Sells School Bonds

Indicating that the market has regained its inherent stability since the initial shock of the "shooting war," Scranton School District, Pa., sold $519,000 bonds on Tuesday to Halsey, Stuart & Co., Inc. The successful bidder received the award on 100.54 for 2¾s. On Dec. 8, immediately after the outbreak of the Japanese conflict, the district obtained only two bids, the highest of which was an offer of 100.51 for 3s, submitted by the above named firm. The issue is said to have attracted good public demand upon reoffering and only a small portion remained in the account late Tuesday.

Housing Bonds Reoffered

Nine Local Housing Authorities, which postponed their offerings of Series A bonds totaling $7,672,000, after the outbreak of hostilities with Japan, have announced the reoffering of the bonds for Jan. 7th.

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

The largest individual item of the sales will be the $3,742,000 Philadelphia Housing Authority issue, which matures 1942-71.

Newark Housing Authority is offering $1,920,000 and Jacksonville, Fla., will receive bids on $675,000.

Other sales are: Cambridge, Mass., $266,000; Danville, Ill., $136,000; Gary, Ind., $466,000; Henry County, Ill., $54,000, Lawrence, Mass., $220,000; and Pawtucket, R. I., $193,000.

The Henry County issue matures 1942-58, and the remainder 1942-61.

Orleans Levee Sale Cancelled

An indication of the still relatively poor status of the municipal market was given last week when the Board of Commissioners of the Orleans Levee District in Louisiana decided, in view of prevailing conditions, to postpone the sale of the $3,994,000 issue of refunding bonds, which had been scheduled for last Monday.

Debts of Five Major Nations Show Rise In 1930-1940 Period

Debts of five major nations increased 20 to 600% during the decade 1930-1940, a comparative analysis by the Federation of Tax Administrators shows.

Germany, spending heavily on war preparations during the period, ran up indebtedness to a 1940 level six times that of 1930, the greatest increase of the nations reported. The Japanese national debt increased 500% in this period, during part of which Japan waged war on China.

Britain, not actually at war until the middle of the fiscal year 1940, showed a debt increase of less than one-fifth during the decade, most of the rise occurring after 1938.

Between the two extremes were Canada and the United States, whose respective debts increased 58 and 165%.

The 1930-1940 debt increases appear trivial beside those which will result from the greatly expanded outlays of all these countries at the present time, it was pointed out.

Germany's national debt recently was estimated at more than 100 billion marks—one and one-half times the 1940 figure. The British budget of 1941-42 showed that about half of the expenditure of 4,200,000,000 pounds will be borrowed, thus increasing the debt in one year by more than was added to it during the entire decade preceding.

U. S. Treasury estimates indicate that about $6,000,000,000 of indebtedness was incurred in 1941, and that this will be augmented by $13,000,000,000 more during the present fiscal year.

Information for the analysis was supplied from the research files of a study on public debt now in progress under Dr. Simeon E. Leland of the University of Chicago.

Jan. 5th

$1,919,000 Bay Co., Fla.
No bond sales have been negotiated recently by this county.

$499,830 Okeechobee Co., Fla.
The same observation as noted under the Bay County entry above.

Jan. 6th

$851,000 Onondaga Co., N. Y.
On Oct. 9 the county awarded bonds to F. S. Moseley & Co. of New York, and the Marine Trust Co. of Buffalo. Second highest bidder was Dick & Merle-Smith of New York.

Jan. 7th

$7,672,000 USHA Bonds
Refer to remarks given above on this group of offerings.

Jan. 15th

$4,250,000 Birmingham, Ala.
Last March this city awarded bonds to a syndicate headed by Blyth & Co., Inc., of New York. Second highest bid was entered by Blair & Co., Inc., of New York, and associates.

U. S. And Martinique Conclude Agreement

An agreement between the United States and Martinique was entered into on Dec. 18 which, according to Secretary of State Hull, guarantees the status quo of this French Caribbean naval base against any Axis menace. The accord, which was negotiated by U. S. Admiral Frederick J. Horne with Rear Admiral Georges Robert, High Commissioner for French possessions in the Caribbean, was described by Mr. Hull as a continuation of the status quo agreement reached with Martinique officials at the time the United States acquired off-shore naval bases from the British. He said the agreement contains a few supplements concerning shipping facilities to provide the people of Martinique with continued food and other vital supplies.

Associated Press Washington advices of Dec. 18 said concerning the agreement:

> Under the agreement, it was learned, the United States will continue to permit trade with French possession in the Caribbean, in return for pledges that French vessels and nationals there will take no action detrimental to the United States and American interests.

An obvious interpretation of the agreement, it was said, would be that—despite Nazi efforts to secure closer Franco-German collaboration — French possessions, vessels and troops in France's American territories would not be taken over by the Axis.

The friendly agreement will also, it was said, make it unnecessary for the United States to take any military action to insure that French territory or warships on this side of the Atlantic will not be used in any way against any of the American republics.

* * *

Dispatches from Fort de France quoted Admiral Robert as announcing that President Roosevelt had sent personal assurances that the French territories would not be attacked.

* * *

One point of worry for the United States has been the presence in the harbor of Fort de France of French naval craft, including an aircraft carrier and a cruiser. Allied nations have been concerned lest the Vichy Government turn over the French fleet to the Axis.

Forms Thos. Jordan Co.

NEW ORLEANS, LA.—Thomas Jordan, member of the New York Stock Exchange, and G. E. Jordan have formed Thomas Jordan & Co. with offices at 615 Commercial Place. Mr. Jordan was formerly in business as an individual.

Now Nugent & Igoe

NEWARK, N. J.—The firm name of Nugent, Igoe & Manning, 21 Commerce Street, members of the New York Stock Exchange, effective today was changed to Nugent & Igoe.

Statute Makes Brokers Liable For Misleading

Brokers are violating the Perishable Agricultural Commodities Act when their wires to sellers falsely indicate that they have consummated a sale of produce, the U. S. Department of Agriculture said on Dec. 23.

The Department says brokers sometimes wire shippers that a carload of produce has been sold without advising that the buyer only offered to purchase subject to inspection and acceptance on arrival. Other times, it is said, sellers discover after the shipment arrives that no price has been agreed upon, the deal being nothing more than a "price arrival sale." With regard to such cases, the Department has taken the position that "statements by the broker indicating that a sale has been made, when, in fact, no enforceable contract has been entered into, will subject the broker to a complaint alleging false and misleading statements in violation of the Act." The Department further explains:

> Thus it is important that the same terms and specifications be agreed upon by both seller and buyer, and that the broker issue a confirmation or memorandum, in writing, that clearly sets forth all the essential specifications of the contract of sale. This confirmation in writing should be made immediately—not two or three days later or after the shipment has arrived—and invoices and manifests do not serve this purpose. In case of rejection the broker may find himself liable for losses if he has falsely led the shipper to believe he has made a definite sale.

OPM Takes Control Of All Tin Supplies

The Office of Production Management on Dec. 17 took control over all tin supplies in the United States, including shipments already en route to this country. The "freezing" order issued by Donald M. Nelson, Priorities Director, provided that:

1. All supplies of tin shall be subject to allocation and to designation as to their use.
2. No tin may be sold or delivered without the Priorities Director's specific permission.
3. Future tin imports may be sold only to the Metals Reserve Company or other Governmental agencies.
4. Tin now afloat may not be sold without the Priorities Director's special permission.

Over 1,000,000 Tons Of Lend-Lease Food To Great Britain

The British Food Mission in the United States on Dec. 24 advised Secretary of Agriculture Claude R. Wickard that the one millionth ton of American food being shipped to Great Britain under the Lend-Lease Act had arrived safely overseas. In a letter to Secretary Wickard, R. H. Brand, head of the British Food Mission, said that he had received a telegram from Lord Woolton, British Minister of Food, informing him of this "splendid achievement" and expressing congratulations and thanks.

Secretary Wickard, in praising American farmers for making possible "this splendid record," said:

> It adds a note of cheer to our traditionally bountiful Christmas season to know that food from our well-filled national larder is being safely delivered to our friends abroad.
>
> It is a tribute to the determination of American farmers to produce abundantly to meet the greatly expanded needs of our own people as well as those with whom we are joined in the struggle for human freedom.

Xmas Holiday Congress

An informal holiday of two weeks was begun by Congress on Dec. 22 following advices to House members on Dec. 20 by Speaker Rayburn that they were free to go home for Christmas. Representatives and Senators who stay in Washington, however, said the Associated Press, will hold time-marking sessions on Monday, Tuesday and Friday to conform with current rules which prohibit recesses of more than three days. From the Associated Press Washington accounts Dec. 22 we also quote:

> In the offing were such measures as:
>
> A drastic tax bill which may include a sales tax or a plan whereby employers will withhold a percentage of their workers' pay and turn the money over to the Government; a price-fixing bill to prevent skyrocketing costs and inflation, but placing no ceiling on wages; an anti-strike bill to outlaw work stoppage in war industries; a bill to eliminate a billion and a half dollars a year of non-defense spending.

President Roosevelt Voices Confidence In Army And Navy Forces

In a message of Christmas greeting to the Army and Navy, President Roosevelt on Dec. 23 expressed confidence that in the year ahead the Army and Navy "will triumph on all fronts against the forces of evil which are arrayed against us." His message follows:

> To the Army and Navy:
>
> In the crisis which confronts the Nation, our people have full faith in the steadfastness and the high devotion to duty demonstrated by the men in all ranks of our Army and Navy. You are setting an inspiring example for all the people, as you have done so often in the past. In sending my personal Christmas greeting to you I feel that I should add a special measure of gratitude to the admiration and affection which I have always felt and have expressed in other years. I am confident that during the year which lies before us you will triumph on all fronts against the forces of evil which are arrayed against us.

November Construction Volume $458,620,000

Curtailment of non-defense construction was reflected in the November record of contracts awarded, according to an announcement of F. W. Dodge Corporation Nov. 19. Last month's contract total for the 37 Eastern States amounted to $458,620,000, a decrease of 24% from the October figure, but, on the other hand, an increase of 21% over November, 1940. Part of the decline from October, however, is explained by the fact that the number of business days in November was fewer by four than the number in October. The announcement further said:

> Non-residential building contracts in November ran 30% ahead of the corresponding month of 1940; residential building ran 24% behind; public works and utilities ran 89% ahead.
>
> The construction contracts awarded during the first 11 months of this year reached a total of $5,575,848,000, an increase of 57% over the corresponding period of 1940.
>
> Commenting on the construction situation, Thomas S. Holden, President of F. W. Dodge Corporation, stated: "Defense construction programs are being stepped up considerably beyond estimates made in mid-November by Governmental and private agencies. Enlarged programs are being formulated for Army, Navy and Air Corps and for defense plant expansion. Record-breaking defense plant expansion, seven-day three-shift defense production, and unemployment in non-defense areas are likely to cause greater migration of workers to defense areas than we have yet seen, tending to intensify housing shortages and defense housing needs. Next year's construction volume is therefore apt to be considerably larger than appeared likely a few weeks ago. Even with non-defense activity pared to a minimum, total construction expenditures next year may not lag far behind the post-depression record volume of 1941."

Illinois Employment Up

Reports from 6,504 combined Illinois industrial and business establishments indicate an increase of 0.5% in employment with a decline of 0.4% in payrolls for wage earners in these establishments from October to November, 1941, according to an announcement issued Dec. 20 by the Illinois Department of Labor. These percent changes are based on reports covering a sample group of 808,568 wage earners in Illinois manufacturing, trade, service, public utility, coal mining, and building construction establishments. The Department's announcement further said:

> The employment and payroll changes for the month are slightly more favorable than the usual changes for the period. The average October to November changes for the previous 18-year period (1923-1940) were average declines of 0.4% for employment and 1.5% for payrolls. Declines in both employment and payrolls from October to November were recorded in 11 of the previous 18 years, and increases in both series in the years 1925, 1928, 1936, 1938, and 1940.
>
> On the basis of available information it is estimated that there were approximately 290,000 more persons employed by non-agricultural establishments in Illinois during November 1941 than during the same month of last year and approximately 380,000 more than in November 1939. It is also estimated that there were approximately 300,000 more employed in November 1941 than during September 1937 which was the peak employment month in that year.

FINANCIAL NOTICE

NOTICE TO THE HOLDERS OF:

Kingdom of Denmark

Twenty Year 6% External Gold Bonds, Due January 1, 1942

The undersigned Minister of Denmark in Washington makes the following statement for the information of bondholders of the above-described issue (hereinafter referred to as the "6% Loan"):

Under existing conditions the Kingdom of Denmark is not at this time in a position to meet the maturity on January 1, 1942 of $30,000,000 principal amount of the 6% Loan.

For the purpose of paying January 1, 1942 coupons of the 6% Loan, I propose to put The National City Bank of New York, 55 Wall Street, New York City, Fiscal Agent, in funds so far as it is estimated to be necessary to make coupon payments to holders of bonds other than those held for account of residents of Denmark. The purpose of so excluding residents of Denmark is to conserve, to the greatest extent possible, dollar exchange available to Denmark for possible future use in connection with external debt service. January 1, 1942 coupon payments will be made subject to such licence as may be granted to the Fiscal Agent by the United States Treasury.

It is contemplated to make subsequent pertinent announcements in due course with a view to informing bondholders of the future status of the Loan.

HENRIK KAUFFMANN
Envoy Extraordinary and Minister Plenipotentiary of His Majesty the King of Denmark

Washington, D. C., December 24, 1941.

DIVIDEND NOTICE

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

New York, N. Y., December 22, 1941.

The Board of Directors has this day declared a dividend of One Dollar ($1.00) per share, being Dividend No. 116, on the Common Capital Stock of this Company, payable March 2, 1942, to holders of said Common Capital Stock registered on the books of the Company at close of business Dec. 31, 1941.

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

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

Savings, Loan Dividends Highest In Twelve Years

Distribution of dividends for the last half of 1941 totaling an estimated $81,600,000, will be completed by the Nation's savings, building and loan associations on Dec. 31, according to Fermor S. Cannon, President of the United States Savings and Loan League. He pointed out that approximately 7,000,000 persons will share in the distribution of earnings from the most active home lending period the associations have had in 12 years. Mr. Cannon said that some $5,000,000 of the dividends this year's end are to be paid on money placed in the associations during the past six months, and that between 200,000 and 300,000 people are receiving their first dividends this time. He added that dividends were paid by approximately 7,500 savings, building and loan associations in every State, in the Territory of Alaska, and so far as he can gather, in Hawaii, as usual.

Comparative Figures Of Condition Of Canadian Banks

In the following we compare, the condition of the Canadian banks for Oct. 31, 1941, with the figures for Sept. 30, 1941, and Oct. 31, 1940:

STATEMENT OF CONDITION OF THE BANKS OF THE DOMINION OF CANADA

Assets—	Oct. 31, 1941 $	Sept. 30, 1941 $	Oct. 31, 1940 $
Current gold and subsidiary coin—			
In Canada	6,441,246	6,568,160	6,033,837
Elsewhere	2,996,265	3.089,578	4,107,118
Total	9,437,511	9,657,738	10,140,955
Dominion notes	--------	--------	--------
Notes of Bank of Canada	86,421,782	94,056,632	82,477,135
Deposits with Bank of Canada	231,791,351	207,461,132	221,680,684
Notes of other banks	2,238,302	3,256,567	3,289,274
United States and other foreign currencies	33,721,038	33,905,180	28,835,634
Cheques on other banks	156,986,736	146,148,459	128,475,974
Loans to other banks in Canada secured, including bills rediscounted	--------	--------	--------
Deposits made with and balance due from other banks in Canada	2,995,685	2,535,690	4,217,313
Due from banks and banking correspondents in the United Kingdom	41,937,737	41,609,700	35,507,856
Due from banks and banking correspondents elsewhere than in Canada and the United Kingdom	160,317,309	158,513,950	154,446,980
Dominion Government and Provincial Government securities	1,407,020,943	1,454,898,857	1,282,980,818
Canadian municipal securities and British, foreign and colonial public securities other than Canadian	145,000,887	150,295,912	135,527,407
Assets (continued)—			
Railway and other bonds, debs. and stocks	90,847,543	90,539,854	101,031,125
Call and short (not exceeding 30 days) loans in Canada on stocks, debentures, bonds and other securities of a sufficient marketable value to cover	37,432,281	36,313,422	40,933,817
Elsewhere than in Canada	45,653,550	47,376,058	42,539,880
Other current loans and discts. in Canada	1,146.857,168	1,143,203,420	1,024,278,286
Elsewhere	131,919,945	132,153,688	126,245,970
Loans to the Government of Canada	--------	--------	--------
Loans to Provincial governments	8,392,059	10,691,446	13,967,670
Loans to cities, towns, municipalities and school districts	77,826,714	83,325,030	99,366,176
Non-current loans, estimated loss provided for	5,165,942	5,285,361	7,063,418
Real estate other than bank premises	6,799,388	6,690,739	7,277,262
Mortgages on real estate sold by bank	3,415,058	3,550,775	3,658,545
Bank premises at not more than cost less amounts (if any) written off	69,900,628	70,337,167	71,093,520
Liabilities of customers under letters of credit as per contra	112,278,929	104,096,726	68,047,529
Deposit with the Minister of Finance for the security of note circulation	4,485,721	4,482,528	4,826,410
Shares of and loans to controlled companies	10,658,644	10,906,253	11,220,195
Other assets not included under the foregoing heads	1,889,447	2,138,741	1,946,013
Total assets	4,031,392,410	4,053,430,876	3,711,076,139

Liabilities—	Oct. 31, 1941 $	Sept. 30, 1941 $	Oct. 31, 1941 $
Notes in circulation	82,243,767	82,024,348	91,624,793
Balance due to Dominion Govt. after deducting adv. for credits, paylists, &c.	220,296,198	316,501,831	176,379,820
Advances under the Finance Act	--------	--------	--------
Balance due to Provincial governments	64,455,854	54,895,963	60,491,202
Deposits by the public, payable on demand in Canada	1,135,522,582	1,110,338,832	941,278,748
Deposits by the public, payable after notice of or on a fixed day in Canada	1,591,700,076	1,555,152,222	1,599,463,510
Deposits elsewhere than in Canada	460,130,348	457,742,625	405,307,597
Loans from other banks in Canada secured, including bills rediscounted	--------	--------	--------
Deposits made by and balances due to other banks in Canada	13,876,810	12,661,360	12,714,407
Due to banks and banking correspondents in the United Kingdom	19,635,511	20,250,665	29,073,025
Elsewhere than in Canada and the United Kingdom	28,948,220	30,027,540	26,900.012
Bills payable	--------	--------	52,788
Acceptances and letters of credit outstanding	112,278,929	104,096,726	68,047,529
Liabilities not incl. under foregoing heads	6,149,960	5,765,768	4,601,739
Dividends declared and unpaid	2,799.717	1.493.071	2.782.540
Rest or reserve fund	133,750 000	133.750 000	133.750.000
Capital paid up	145,500,000	145,500,000	145,500,000
Total liabilities	4,017,288,020	4,030.201,002	3,697,967,761

Note—Owing to the omission of the cents in the official reports, the footings in the above do not exactly agree with the totals given.

Investment Trusts

(Continued from Page 7)

for shareholders, in contrast with a *value-saving* job in 1941, Mr. Lord clarified some other points of market interest. One of these concerned the reasoning of the management behind Affiliated Fund's dividend policy. During 1941, the Fund returned a better return to shareholders than was actually earned on the theory that the money paid out in dividends could not, in general, have been better employed in the market. However, it is now believed that, in coming months, the assets of the company may be more profitably employed in the market than was possible in 1941, and that, therefore, "they should be put to work rather than returned to shareholders as dividends."

Investment Company Briefs

From San Francisco:—"To the observer willing to look beyond the confusion of the moment, constructive factors are not difficult to find. The highly favorable dividend yields obtainable, and the rising trend of values for physical property, are obvious and real factors. Moreover, the tremendous size of the war effort ahead of us, and what it will mean in terms of long-continued capacity operations by the bulk of American industry, and in terms of national income, is apparent to all who stop and think. Premature indeed is fear of temporary postwar deflation, at a time when the war effort is really only getting under way.

"Beyond all this, remote but by no means unimportant, is the vista of the long-range future now opening up for investors who have confidence that the great strength of the United States will win past any temporary reversals to an ultimate decisive victory. From such a victory, we may expect to emerge the dominant world power at the threshold of an era of great development. It is time to look ahead, to recognize the sacrifices involved and the problems we all shall face, but not to lose sight of the great stakes we are fighting for, and the ultimate tangible benefits of victory to us all."—D. R. Fuller, Commonwealth Investment Company.

Since inception in 1932, The Keystone Investor reports, the present Keystone Custodian Funds and the original series have paid $7,170,141 in distributions to shareholders. These distributions included profits realized on sales of securities owned.

With the exception of 1937, Keystone Custodian Funds have enjoyed a steady increase in assets every year since their organization in 1932. At the close of 1940 the combined assets of the Keystone funds totalled $24,462,000, and by Dec. 1 of this year they had risen to $29,375,000.

Fifty percent of the Christmas bonus paid by Selected Investments Company and its statistical affiliate, Security Supervisors, Inc., sponsors of Selected American Shares, Inc., was paid in Defense bonds or stamps. The bonus ranged from 10% to 50% of one month's salary, depending on length of service.

Bache Staff Chooses AFL

The employees of the main and branch office of J. S. Bache & Co. in New York City have voted to have the office employees' union of the American Federation of Labor represent them as collective bargaining agent, it was announced by the National Labor Relations Board Examiner. Of the 308 employees eligible to vote in the election, 190 voted for the union, 101 voted against it, three votes were challenged and one ballot was blank.

Over-The-Counter Dealers Must Unite

(Continued from First Page)

change members are endeavoring to put us out of business, that they are in control of the National Association of Securities Dealers, that they are now endeavoring to get the SEC to formulate rules, regulations and capital requirements, which will force non-members out of the business, etc.

This I do not believe can be accomplished for certain reasons. A number of member houses do a retail business in unlisted securities and charge offering prices quoted in the papers. Up until recently these offering prices have allowed the retailer to make a fair profit, also the trader or wholesaler to make a fair profit.

However we now find that the newspaper-quoted spreads of over-the-counter securities are not wide enough to allow the retailer to make a fair profit. The trader is the only one who can make a profit and he along with the Stock Exchange commission houses will kill the goose who lays the golden eggs.

A fair part of the Stock Exchange business comes from out-of-town non-members houses. Yet a representative from a member house branch office has come to me for Stock Exchange business. And I know that this is one of the firms that has told some of my customers how ridiculous it is to do business with me because I charge more than the Stock Exchange commission for over-the-counter securities. It is strange how some people's minds work.

I, for one, do not believe that the Securities and Exchange Commission is unreasonable. The SEC was not unreasonable when it put through the regulations helping both wholesalers and retailers of Mutual Investment Trust Shares. It is definitely to the advantage of Mutual Investment Trusts that over-the-counter dealers be allowed to make profits which will insure them a livelihood.

If the SEC is willing to allow retailers a fair profit in selling Mutual Trust Shares, and at the same time exclude Stock Exchange commission houses from cutting prices, why wouldn't the SEC allow over-the-counter dealers to quote over-the-counter securities in the newspapers with spreads sufficient to allow fair profits and, at the same time, exclude member houses from cutting prices? And by spreads allowing the retailer a fair profit, I certainly don't mean such spreads as appear on more or less inactive stocks listed or admitted to trading on the Stock Exchange and Curb. I can well imagine what would happen to some of our more or less active over-the-counter stocks were they put on the Exchange or Curb—although I may differ with my friend George Ray.

For example—here are a few quotes from the "Wall Street Journal" this morning, Dec. 23:

Stock Exchange	
American Coal	12½-18⅞
Allegheny & West.	60½-80
Armour Ill. pfd.	55 -70
Beech Creek RR	24 -27
Bloomingdale	10 -11
Duplan Corp.	6 - 7
Green B & W	54 -60

Curb Exchange	
Air Invest. conv. pfd.	21 -27
Allied Products	19 -21½
Amer. Cyanamid A	30 -39⅞
Amer. Hard Rubber	16 -18½
Amer. Mfg.	18 -23½
Bridgeport Gas Lt.	16 -20½
Canada Cement	2⅛- 5½
Carmen A	18 -22
Cities Serv. pfd. BB	45 -55
Curtiss Mfg.	5⅝- 9½

A few typical over-counter stocks are quoted as follows:

	Wall Street Journal (Dec. 23)	Nat'l Daily Quotation Service
Autocar	18⅞-19⅞	19 - ½
Auto Ordnance	8⅛- 9⅛	8⅛- ⅝
Gen. Machinery	26¾-28¼	26½-28
Trico Products	24⅞-26⅞	25 - 6
Wickwire Spencer	10 -10⅝	9⅞-10¼

To sum up, here are a few suggestions:

1—The over-the-counter dealers should be in control of The National Association of Security Dealers. Or they should form an association of over-the-counter dealers only.

*2—The over-the-counter dealers should confer with the National Association of Securities Dealers and the SEC and work out a percentage profit system for over-the-counter Dealers which should be maintained by Stock Exchange members.

3—The delisting of certain stocks which could be better handled by the over-the-counter dealers.

*Note—I will admit that a definite percentage profit basis will be a difficult thing to accomplish. However I do believe that a uniform basis of profit for over-the-counter dealers should be maintained both for the protection of the investor and the dealer. There are high binders among the dealers as well as exchange members. Furthermore I think it is up to us to initiate a profit system as eventually it will be forced upon us. A good part of our business is new issues and our customers can easily figure that the gross percentages are usually not less than 15% and more than 20% and that the retailer usually receives about 10% for his efforts. Considering the lack of volume in our business and the effort and salesmanship required to get business, my idea is that profits should range from 1 to 10% on over-the-counter securities depending upon price. The scale of profits could be decreased when and if our volume of business shows a substantial increase.—*Roger A. Hayes (Buffalo), Hayes & Wagner, Inc.*

Individuals, for the most part those of moderate incomes and savings, really are the backbone of all financial markets, and the smaller over-the-counter houses, for the most part, serve these customers. Sales of this type are not just orders that flow into a salesman. They must be developed and worked for, and salesmen must be paid and their houses remain solvent.

Over-the-counter markets that newspapers carry showing a bid of ⅛ under the wholesale bid, or ⅛ above the wholesale offering price, allow not sufficient profit either to the wholesaler who must take positions and risk his capital, or to the dealer who must trade as principal, and out of his small profit pay taxes and something to brokers that execute his orders.

Just why then must the SEC and the NASD, especially, help to restrain markets by preventing a reasonable profit to its members. The public, in the purchase or sale of any commodity, allows brokers, wholesalers and retailers a profit, and in everything this profit is very substantial by comparison with that on securities.

We, therefore, wish to enter our protest to any narrowing of profits on over-the-counter markets. We subscribe to your statement "We do not believe that, directly or indirectly, any agency of the Federal Government or any association within or without the securities business should have the right to establish the margin of profit any dealer should be allowed to make on any security transaction."

Let the recognized laws of justice prevail. Strike down immoral violators of them.—*J. Erle Baumgartner (Baltimore).*

Your editorial in your issue of December 18 regarding Over-the-Counter quotations certainly hits the nail on the head. Surely the investment banker has a place in the present world economy and can contribute to the winning of the war, if permitted a living wage. There is no business in which the margin of profit is so small and which is more regulated and restricted.

We sincerely trust your efforts in this connection will bear fruit. —*Burney J. Simpson, President (Chicago), Webber-Simpson & Co.*

P. S.—The SEC should consult the daily papers for the spread in listed stocks.—*B. J. S.*

I have read with great interest your editorial in the December 18, 1941, issue of the Financial Chronicle.

There is very little I could add to your comments about quotations as I agree with them in every respect. I sincerely hope enough dealers will show an interest in this problem so that you may be able to accomplish something.

To my mind the main point is that trading house markets do not show a commission or profit to a dealer, therefore wholesale market prices should not be used.—*Homer Collins (Duluth), Homer Collins & Co.*

We have been active in the sale of Fire Insurance stocks since 1931 and in New York City Bank Stocks since 1938. We are particularly pleased with our insurance stock business, having sold Aetna Fire Insurance to our customers as low as 16, National Liberty at 2¾, Insurance Company of North America at 20 and North River at 10, together with many others at what would now be considered low prices.

When we started to distribute these fire insurance stocks, the markets were inactive and although there was plenty of stock offered, we have never taken an excessive profit. Since the spread on these over-the-counter securities has been narrowed in the papers, we find, very often, that we are unable to get any net profit after a sale is made and so we are not recommending insurance and bank stocks to new customers who might feel that we were overcharging them. On old customers, we continue to add a reasonable profit on the price we expect to pay for the stock we are attempting to sell.

We are of the opinion that the NASD can help the investor more if they concerned themselves less with the amount of spread which the average dealer takes on a transaction and more in attempting to assist the dealer in locating situations that will remain good over a long period of time.—*Anonymous (Dayton).*

Being a small Over the Counter, Sole Proprietor, Investment House, I wish to comment briefly on your article in Dec. 18th Financial and Commercial Chronicle titled "Over the Counter Dealers Must Unite."

Having about ten or twelve years of experience behind me in the Over the Counter markets, the question that arises in my mind as I read your article on shrinking spreads, is: Shall the Dealer in unlisted securities render a comprehensive investment service to his clients or shall he restrict his efforts to merely that of a broker with a desk chair and a telephone.

The Securities and Exchange Commission and the worth-while broker have this one thing in common at least: The customer is to be shielded from the many excessive and unwarranted, therefore unearned commissions and the unloading of worthless paper on the investor who has come to the house for advice and counsel regarding his meager investment funds. The customer is to be told of the pertinent facts surrounding the securities offered him. Facts detrimental to the security are to be laid bare if known. In other words, we are both seeking to make honest transactions with our clients for only in that way can we hope to continue in this business which is admittedly one of trust and confidence.

To equip an investment house with necessary tools of the trade, to hire and train salesmen to fairly deal with the customer, requires a good deal of money to be invested in the business and in which overhead in many cases runs into large figures. Salesmen once trained, must be retained on the staff if possible. Information concerning hundreds of securities must be kept up to the minute, constantly requiring a vast amount of study and painstaking analysis. In fact I may say that for the work he does today, the average investment dealer if he is trying to serve his customer intelligently, receives less for his effort than do electricians, plumbers or other master workmen who have far less to do or to think about than do the investment brokers.

The question arises, does the public honestly want this kind of service. Do they wish to be informed honestly and reliably concerning their investments or shall we throw this all overboard and become merely trading houses or brokers with the inscription over our doors "Caveat Emptor." Let the buyer beware.

If the public wishes the former, then the profit must be adequate to compensate for the labor. If the latter then, the profit may be curtailed and will doubtless be sufficient. But, I think all investment realize this, that when the standards of service are lowered, when the customer has no right to expect the service and advice which adequate profits will entitle him to, then, the way is again opened for the charlatan and sharpshooter to operate and as is custom, he gets his and beats it before the law can get around to him.

It should also be realized that when an investor wishes to sell a security on a falling market, he cannot wait until the dealer has found a retail spot for this security. He wants to get out now and the dealer in order to complete the transaction finds another dealer who either has a retail outlet at the price or indeed, may sell it to another dealer in another city. In ordinary transactions and with a reasonable spread, dealers work these things out and the customer completes his transaction and gets his money promptly. He does not know nor does he care where the security went so long as he gets out. If, however, the dealer cannot operate on the spread and the security cannot be sold the market being in a decline, a considerable loss will accrue to the customer before the security is finally liquidated.

There are enough brains in the NASD and the SEC to arrive at a satisfactory answer to this problem if the politics of the day are eliminated. If, however, it is the opinion of our leaders in this business that the service we would render is not necessary or required and if the public wishes to go back to the hey days of the 1923-29 era and pit his own information regarding securities against that of the highly trained and informed seller who wishes to unload and who has lawyers and staff to dress up the issue so that it will pass registration and if the customer again wishes to buy or sell via "hunches" or "I was told by my wife's brother who got a shave yesterday," if you know what I mean, then let's carry on with dwindling profits and mounting deficits in our operating. It won't be long as the monkey said regarding the lawn mower.

The public will not want it so. They want to make a reasonable return on their money. They wish to be able to discuss their investment problems with men who are competent to advise with them honestly and whose interests are identical. Let's not go backwards, let's move on to a better service for the investing public and in which the investment man will be found worthy of his hire.—*O. B. Bohny (Dallas).*

You have requested over-the-counter dealers to express their opinion on the recently inaugurated narrow spreads newspaper quotations of unlisted securities. We are glad to comply with your request.

In our opinion if these newspaper quotations are here to stay virtually all over-the-counter dealers who are not underwriters will be forced out of business. It is simply impossible to conduct a business on such a narrow margin. Our business is in no way different in that respect from any other. When the oil refiner cannot get a good spread between the crude and the refined, he dosn't make any money. When a finishing mill cannot get a good spread between the cost of the gray goods and the finished product, it does not make any money. For the oil man and the textile man it is only a question of time before economic conditions will change and the spread he requires for successful operation will return. But for the unlisted

dealer there is no such hope in spreads by edict. Inexorably the end must be in sight for many dealers unless those responsible for the conduct of the business awaken to a realization of what business without profit means.

We know only too well that there are unethical members of our profession, but surely the destruction of the whole profession seems an expensive price to pay to accomplish the extermination of the unethical elements. And if the over-the-counter business is destroyed it might be worthwhile to consider what of value to finance and business has been lost.

It seems to us that it is no exaggeration to say that the over-the-counter business has come to be the most important segment of the investment business. The distribution of large blocks of listed securities is now conducted almost entirely by the over-the-counter market. What can no longer be accomplished on the exchanges of the country can be accomplished by dealer selling groups working for reasonable compensation.

The unlisted market, about which the present contention has arisen, has made for itself during the past two decades a record of constructive accomplishment. Markets are close, active, and frequently sizeable. All this is the creation of the unlisted dealer who by hard work and intelligence has made the unlisted market a factor of great importance in the financial life of the country. What will happen to this over-the-counter market if the right to conduct a profitable business is denied to its many dealers. The result will be obvious. If the unlisted markets are going to be deprived of the active interest of a large number of dealers, the inevitable outcome will be that there will no longer be the close active markets that may now be found. Firm markets will revert to negotiation markets. Spreads will widen and all the advantages hoped for by the proponents of close spreads will vanish. The dealer's service and his livelihood will have been destroyed—and for what?

The point is the over-the-counter market is performing a most important service to the financial markets of the country and, on the whole, performing it well. The dealers in that market must not be quoted out of business. Somehow the crippling of an industry by edict doesn't seem like the American way of dealing with a situation.—*Anonymous (Boston).*

Referring to your article of Thursday, December 18, you are quite right, Over-the-Counter dealers must unite or they will find themselves eliminated from the business.

There is no reason that I can see, why an investor who knows little or nothing about the real value of securities should expect a man with a generation of experience in the business, to give him his advice and service which is, or should be, predicated upon careful analysis and research for a fraction of 1% of the total amount of money involved. Highly specialized service such as most dealers are rendering in this country, should be worth as much as any other professional service. Attorneys, doctors and other professional men do not work for little or nothing, and there is no logical reason in the world, why investment dealers who might be considered professional men should not be paid for their knowledge and service.

The growth of this nation to its present size, has been largely brought about through the efforts of public distribution of securities and even though expansion through capital issues at this time is at a low ebb, and may be for some time to come just the same, dealers are entitled to a reasonable profit for their efforts in buying and selling present outstanding securities.

It is my opinion that the present low commissions established by the various stock exchanges have been brought about through marginal trading and pool operations which no longer exist, at least the latter does not and should not.

We, in the securities business are not able to go to other business organizations and obtain services and merchandise at wholesale prices, and I fail to see why we should render our services and merchandise at wholesale. I am in favor of the SEC regulations, and always have been and I seriously doubt if they are interested in strangling the legitimate organizations who are rendering a constructive service to investors.—*R. N. Gregory, (Los Angeles).*

Our Reporter On "Governments"

(Continued from First Page)

before, is the fact that investors and professionals know support will be forthcoming—if needed. . . . And so selling raids on the market simply aren't materializing. . . . If ever you had an example of the power of psychology, you've had it in this market since the war broke out. . . .

New Issue

Virtually no gossip around as yet as to the form the new financing—due in January for refunding purposes—will take. . . . Odds are, though, that some medium term issue and perhaps a short-term offering will be sold this time. . . . Reason being that commercial banks are major holders of the issues being called and refunded and Treasury hasn't any objections to banks continuing to hold same amount of Government obligations as they hold today. . . . What it does object to is a tremendous increase in the amount of Governments held by this one group—a tremendous increase in the percentage held in comparison with the percentage held by individual investors or insurance companies. . . .

One angle is that the last two issues offered by Secretary Morgenthau have emphasized the long-term section of the market. . . . That would indicate some change in pace this time, meaning an offering of medium or short-terms. . . .

Another angle is that the commercial banks have been minor buyers of the last two issues—again, comparatively speaking. . . . Figures on position of member banks in 101 leading cities show that banks' investments in Governments in the third week in December (that covering the new issue) increased $355,000,000, apparently the measure of their purchases of the new 2½s and 2s . . . This represents only about 25% of the total loan. . . . And that's mighty small, considering that early in the Roosevelt Administration, the banks were buying 75 to 90% of the new issues sold. . . .

So, it may be that Morgenthau this time will design the new refunding issue to appeal directly to commercial institutions. . . .

Anyway, the deal will be coming soon. . . . And it's possible that no decision at all has been reached by the fiscal chiefs as yet, for beyond question, the Treasury is operating on a 24-hour basis these days. . . . All opinions coming out of Washington are "subject to change at no notice." . . . (To quote a high financial authority's words). . . . All policies are based on week-to-week estimates of expenditures, week-to-week indications of Congress' attitude on taxes, day-to-day market movements. . . .

One thing only may be said with assurance. . . . Whatever issues are sold will go over with a bang. . . . Morgenthau is not going to risk a sick financing at this crucial stage of the game. . . . So while you may not count on 2 and 3-point cushions any longer—they simply aren't justified, no matter what the magnitude of the Treasury's financing task—you may count with confidence on a successful offering. . . .

Defense Bond Sales

Watch those defense bond sale figures. . . They're going up rapidly now, as you know, but don't for an instant, think that you've seen the top. . . You haven't, for the Treasury's plans for putting over the sale are just getting into shape and public sentiment still has a long way to go. . . . The wheels of Government grind slowly—entirely too slowly for economic safety, as a matter of fact. . . And the wheels are now turning at a relatively slow rate. . . .

Look for a tripling of the present rate of sales before 1942 has gone many months. . . . Maybe, even a quadrupling of the rate. . . . Expect payroll deduction plans, quotas, even street-corner "minute man" sales, as you saw during the first World War. . . .

You know what this means to the open market. . . . It means a great lifting of the burden of financing. . . . It means you'll be asked to buy a smaller amount of new issues than previous estimates have indicated. . . . It means the pressure on the Government market is not going to be nearly as heavy as it might have been had we remained on a "defense" basis—a basis not allowing all-out sales efforts by the Treasury or stimulating all-out buying efforts by the public. . . .

It means the Government market has little to "fear" from the financing quarter, any way. . . You can carry this forward from here—right into your own portfolio policy. . . .

Interest Rates

Stories around that several savings banks have cut their interest payment rates in the last few weeks. . . . Adding weight to recent insurance company boosts in premium rates—to offset declines in returns on their investments . . . Adding weight to statements from many authoritative quarters that there is little danger of any major upward move in interest rates during the coming months. . . .

No use comparing present situation in the money and bond markets with conditions existing during the first World War, for today's market is under entirely different influences. . . . We're a creditor Nation now; we were a debtor Nation then; Government control of money and credit today is at an extreme high; it was virtually unknown then; huge surpluses of idle funds overhang the markets today; there was a definite squeeze in money then. . . . And again, you may call upon your own memory for details. . . .

But you may be interested in the record. . . . Before the outbreak of the World War, money rates appeared in a moderate uptrend. . . . But in 1915 and 1916, the trend was reversed and easier conditions prevailed. . . . For instance, the average rate on 60 and 90-day commercial paper was 4.78% in 1914; 3.45% in 1915; 3.43% in 1916. . . .

In 1917 and 1918—the years the United States was at war—rates hardened from 4.74% in 1917 to 5.87% in 1918. . . . In the early months of the war, the major increases occurred. . . . In April, for instance, the rate was 4.28%; in May, it was 4.83%; in June, 5%. . . .

There has been virtually no change in short-term money rates since "Pearl Harbor." . . . The big changes, in fact, occurred long before our entrance into war. . . . In the summer and fall of 1941, along with rumors of suspension of the "right" privileges, with issuance of tax-anticipation notes, etc. . . .

2½% Treasury Bonds To Be Ready Jan. 19

Secretary of the Treasury Morgenthau announced on Dec. 23 that definitives of the 2½% Treasury Bonds of 1967-72, in coupon form, will be ready for delivery on and after Jan. 19, against the surrender of full-paid interim certificates issued Oct. 20, and Dec. 15, 1941, in lieu of such bonds. Exchanges will be governed by the provisions of Treasury Department Circular No. 675, dated Dec. 15, 1941, and will be conducted through the Federal Reserve Banks and Branches, and the Treasury Department, Washington. The advices from the Department added:

Special arrangements may be made between incorporated banks and trust companies and the Federal Reserve Banks for the exchange of interim certificates for definitive banks for their own account and for account of their customers, and individuals who hold interim certificates are advised to consult their own bank with respect to the exchange.

These 2½% bonds were offered for cash and subscription on Oct. 9 and allotments totaled $1,589,647,550. An additional $1,000,000,000 of these bonds was offered to the public on Dec. 4 and allotments totaled $1,069,702,800.

Join F. I. du Pont Co. Branch in Fordham, N. Y.

Jack Horowitz, formerly with Ernst & Co. will become co-manager with Ray X. Morreale of the Fordham branch of Francis I. du Pont & Co. and Chisholm & Chapman, 2449 Morris Avenue.

Irving Rosen and Albert Meltzner also previously with Ernst & Co. will become associated with Francis I. du Pont & Co. and Chisholm & Chapman in the same office.

Raymond N. Parker Now With E. L. Kline & Co.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND. — Raymond N. Parker, formerly an officer of Wm. F. Shumaker & Co., Inc., with which he was connected for many years, has become associated with E. L. Kline & Co., Circle Tower.

WHISPERINGS

Joe Simmons of Hart Smith & Company, New York, was in a bowling alley one evening trying for strikes, or whatever it is that bowlers try for, when he noticed a group of kids in a corner looking at him and whispering together. Finally one of the kids broke away from the group and approached our Joe, just when he (Joe, not the kid) had knocked all the pins down, and timidly asked: "Aren't you Mr. Joseph P. Simmons, the broker?" Joe drew himself up to his full height and in a ponderous voice replied: "I am Joe Simmons, the bowler."

"Doc" Williams of Kennedy & Company, Philadelphia, says too many of the market days in 1941 had happy endings. That is, he explains, he was happy when they were finished.

Gerald Loeb, partner in **E. F. Hutton & Co.** has a cement root cellar on his farm in Redding, Connecticut that makes an ideal bomb shelter. It even has a safe built in one wall where valuables may be stored.

Bill Rosenbaum, senior partner in member house of **William M. Rosenbaum & Co.,** wonders aloud why people call money "dough." Dough, he explains, carefully sticks to the hands.

With new tires out of the question you'll have to make your present tires do. Don't bother regrooving. It only removes old rubber and while it gives you a fancy tread doesn't add to the life of the tire. It shortens it. Recapping is the process you want. In the New York area prices for this process cost about $6 for the average size (6.00x16) tire, or roughly 40% to 50% of the cost of a new tire.

Walter Peterson of Josephthal & Co., New York, was suddenly taken ill last week and is now in a hospital. We hear he is doing well but a note to him at the Norwegian Hospital, Brooklyn, N. Y., would help a lot.

A customer of **Newburger Loeb's** remarks that the last time he saw **Roggy (Adolphus Roggenburg),** manager of the firm's 7th Avenue branch, he saw two flies alight on Roggy's head and heard one of the flies say: "How things have changed. I can remember when this was a footpath!"

Lee Sherman of L. D. Sherman & Co., New York, had a visitor the other day who invited him to his fifth marriage anniversary dinner. "It's going to be a big turkey dinner, too," remarked his friend. Lee couldn't resist the temptation and broke in with: "Why kill a turkey now for something that happened five years ago?"

Homer Wirth of T. R. MacDonald & Co., New York, left a theatre the other night and some of the kids apparently mistook him for a celebrity. "Hey, mister!" shouted one youngster, poking a blank check in front of Homer. "gimme ya autograph." . . . "But, if I sign that you can cash it for any amount," complained Homer. "G'wan," shouted the kid. "You ain't that rich!"

UP-TOWN AFTER 3

NEW MOVIES

"Design for Scandal" (MGM), starring Rosalind Russell and Walter Pidgeon; with Edward Arnold, Lee Bowman, Guy Kibbee and others. Directed by Norman Taurog.

"Design for Scandal" isn't a world-shaking epic; it doesn't need to be. But it is a funny movie that will give you plenty of chuckles. True, the plot is improbable, even silly, yet the capable cast plays its parts so airily that you will overlook the frothiness of the main story. The plot deals with a blustering newspaper tycoon (Edward Arnold) and his star reporter (Walter Pidgeon), who sasses the boss all the time. The boss, tired of his gold-digging wife, gets a divorce and is soaked lots of alimony. Infuriated, he tries to have the judge (Rosalind Russell) transferred. Failing in that, his ace news hound sets off on the trail of the lady judge in an effort to get something that will force her to re-open the case. Of course, things don't work out according to plan. Do they ever? That old debbil love enters the scene and messes things up generally. There are other complications, but it wouldn't be fair to tell you about them. Nevertheless, if the end is trite the rest of the picture is amusing.

"The Shanghai Gesture," produced by Arnold Pressburger and released by United Artists. Starring Gene Tierney, Walter Huston, Victor Mature and Ona Munson. Directed by Josef Von Sternberg.

If there is an Oscar given for bad pictures, then "The Shanghai Gesture" deserves the honor. First of all, the central character, Mother Goddam, has had her name changed. It's now Mother Gin Sling. Then the house over which she lorded has in the movie version become a gambling dive; but what an opulent dive it is. The story is all about retribution in the Far East and how a man who took his fun where he found it got his just desserts. Of course, in the end it all turns out to be a misunderstanding, but by that time nobody, including your reviewer, cared. The acting is wooden. Even Walter Huston, who is a good actor, has such silly lines to read that even he must blush. Maria Ouspenskaya, a top performer, stands around huddled in a turtle neck sweater, looking grim. She hasn't even a word to say. The Chinese villainess, Mother Gin Sling, played by Ona Munson, doesn't look one bit Chinese, and instead of looking sinister, looks funny. Might add that Phyllis Brooks and Victor Mature are in this opus but by this time they must be heartily ashamed of themselves. Gene Tierney, an eye full of luscious feminity, plays Poppy with hysterical enthusiasm which she thinks is acting.

JUST GOIN' AROUND

The other night, not having anything better to do, I accompanied Seaman Jacobs to the **Savoy Plaza** to hear and see **Hildegarde** sing. Standing right outside the entrance to the room where this songstress appears nightly was the gorgeous, blonde **Hildegarde,** waiting for her cue. Jacobs, her press agent, went right over and said hello. I, being suddenly overtaken by shyness, stood back. But the loquacious Seaman dragged me over and presented me. "Ooh, how nice to meet you!" said **Hildegarde.** I promptly looked around to see who she was talking to, but it seemed she was actually making the gushing noises at me. Looking into her blue (or brown or black) eyes, I mumbled something about the honor being mine. Right then I knew that from that time on I would strive to become a better, if not a taller man. Just then the cue was heard and **Hildegarde** (I still don't know if that's her last name, her first name or a nickname) squeezed my hand lingeringly—oh! so lingeringly—gently withdrew it and left. I followed.

She sang a few songs. I couldn't remember what they were if my life depended on it. But I could see why she is so popular.

The room in which she sings isn't a small one but she has the knack of making everybody in it feel that her songs are directed personally at them. The lady is a finished performer. Not only can she sing, but does so with an intimateness that makes you break out into goose pimples. Anyway, I did. That the men in the crowded Cafe Lounge went for her was understandable, but even the ladies in the audience almost split their palms applauding for encores. The blonde Wisconsin song bird is actually as good as I heard she was.

I finally left the room, full of plans for **Hildegarde** and me.

Look, Seaman, what are chances of fixing up a dinner-date with your blonde **Hildegarde?** If you can give me her phone number I'll call her myself. But first, put in a good word for me. Huh? Wadda ya say? My wife won't mind. At least she won't if you keep your big mouth shut!

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 5)

Of course in retrospect it can be said, that inasmuch as the tax selling of recent weeks was so heavy that the buying, when it came, would be equally as heavy. Still, that is retrospect, and while retrospect has a value in analyzing past performances, it means little where the future is concerned.

* * *

I hear all sorts of stories as to why the buying came in when it did, but most of them seem to have little basis in fact or even plausible theory. So far as I can see, the bulk of the buying came from two sources. The first from investors, or long pull traders, who were re-establishing lines sold for tax purposes. The second, from traders who were covering short positions. Of the two the latter proved the more volatile and as one group of shorts covered, other groups, seeing the plus ticks and increased volume, stepped in and took them at the market. The result is what you saw in the last few days.

* * *

As far is I can find out the outside public, the boardroom customers, had little to do with the current rise. True, the public showed a little more liveliness in the last few days, but most of it was in an increase in quote inquiries rather than in actual buy orders.

* * *

As the last market day of the old year draws to a close, volume and activity are dwindling. This brings us to the question of how good is this rally and how long will it last. If precedent means anything, and these days it doesn't, the first few days of the New Year should bring a reaction. For it is then that people interested in securities are supposed to look around, weigh the prospect and make their decisions. Unfortunately, with the country at war, these theories aren't worth much. For news, which changes almost from minute to minute, will continue to play a major role in any market decision.

* * *

Based on earnings, most stocks are cheap. Even on a yield basis a number stand out. But yields and price earnings ratios mean so little these days that it's a waste of time and space to talk or write about them.

* * *

The only thing that has not changed, is market performance, and it is, and, so far as I can now see, will be market performance that will determine the policy to follow in the days ahead.

In last week's column I said that in the first stage of a market advance, the stocks that went down the most recover the most. The second stage is featured by stocks that have not gone down very far, turn around and go up. While the third stage brings out the groups, which seldom gain much following, into the advancing market picture.

* * *

We are now in the beginning of the third stage. You can see it in the utilities and a few of the rails. The rest of the market is for the time being doing little except marking time.

* * *

A reaction in stocks making up the first and second groups now is indicated. How soon it will come and how far it will go, will be better determined after the first week of the New Year. However, on this reaction there will be individual stocks that will almost certainly exhibit characteristics that will point the way. Some of these are already beginning to show signs of latent strength.

* * *

I think the following stock deserves more than casual mention. Intercontinental Rubber, an "ersatz" crude rubber producer, has large plantations in Guayule, Mexico. I think the company is in for some rather good business. Marketwise it indicates accumulation between 5 and 7. Suggest buying it anywhere under 7.

* * *

So far as the Gulf, Mobile & Ohio pfd., and Warner Bros. is concerned, I see little in either of their actions to advise anything but holding. Where the rest of the market is concerned, don't be surprised to see a reaction of anywhere from 2 to 4 points.

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.]

Calendar of New Security Flotations

OFFERINGS

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 21 as of July 17, 1941

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)

Offered—Dec. 31, 1941, at $26.50 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.

SUNDAY, JAN. 4

INVESTORS MUTUAL FUND, INC.
Investors Mutual Fund, Inc., filed registration statement with the SEC for 3,000 units of investment certificates representing an equitable interest in the class of special stock of company known as "Investors Corporate Fund," as follows: 600 units of $1,200 each of investors corporate fund monthly payment certificates without life insurance protection permitting aggregate payments of $720,000; 400 units of $1,200 each of investors corporate fund monthly payment certificates with life insurance protection permitting aggregate payments of $480,000; and 2,000 units of $250 each of investors corporate fund full paid certificates requiring aggregate payments of $500,000. The number of shares to be issued of the class of special stock designated as investors corporate fund is indeterminable in advance.

Address—Kansas City, Mo.

Business—Company is a diversified investment trust, qualified to do business in Delaware and Missouri.

Underwriter—Investors Fund, Inc., Kansas City, Mo.

Offering—The investor makes written application to company for the size and type of certificate that will evidence the trust fund he has elected to create, and makes the required payment. Upon acceptance of the application, company issues a certificate that is authenticated by the trustee and is registered in the name of the investor. Full paid certificates are issued in denominations of $250 and multiples thereof. Invesors' net payments are invested at the net asset value of the shares of Investors Corporate Fund.

Proceeds will be used for investment purposes.

Registration Statement No. 2-4914. Form A1. (12-16-41)

MONDAY, JAN. 5

DIANA STORES CORP.
Diana Stores Corp. filed registration statement with SEC for 20,000 shares of 6% cumulative convertible preferred stock, and 60,000 shares common stock, $1 par value

Address—519 Eighth Ave., New York City

Business—Operates a chain of 25 retail women's apparel stores, located in Florida, Georgia, North and South Carolina, Alabama and Virginia. Company does no manufacturing

Underwriters—Smith, Burris & Co., Chicago, and Tobey & Co., New York

Offering—20,000 shares of 6% cumulative convertible preferred stock and 20,000 shares of common stock will be offered to the public, in units consisting of one share of preferred and one share of common stock, at $14 per unit. Underwriting commission is $2.10 per unit. Remaining 40,000 shares common stock are reserved for issuance upon the conversion of the preferred stock

Proceeds will be added to working capital

Registration Statement No. 2-4915. Form S2. (12-17-41)

UNITED AIRCRAFT CORP.
United Aircraft Corp. filed a registration statement with the SEC for 265,669 shares of cumulative convertible preferred stock, $100 par value, and a maximum of 943,309 shares of common stock, $5 par (latter reserved for issuance upon conversion of the preferred stock). Dividend rate on the preferred stock will be supplied by amendment

Address—400 S. Maine Street, Hartford, Conn.

Business—Business of company is carried on through five operating divisions and three subsidiaries; three of the divisions are manufacturing divisions and each has its own engineering, research, manufacturing and sales organizations. Business includes manufacture and sale of aircraft engines, propellers, and other aircraft parts and accessories

Underwriting and Offering—The 265,669 shares of preferred stock will be initially offered to holders of company's common stock, for subscription at $100 per share, pro rata, at the rate of one share of preferred stock for each 10 shares of common stock held of record on Jan. 2, 1942, and on the same basis to holders of certificates for shares of common stock of United Aircraft & Transport Corp. who, by exchange of their certificates after such date and prior to the expiration date of the subscription warrants, shall have become stockholders of the corporation. The rights to subscribe shall be evidenced by subscription warrants, which will expire on Jan. 13, 1942. Any of such shares of preferred stock not subscribed to under above offer, will be underwritten and offered to the public, at a price to be supplied by amendment. Price to the underwriters for the unsubscribed stock will be $100 per share. Harriman Ripley & Co., Inc., New York, is named principal underwriter; names of the other underwriters will be furnished by later amendment

Proceeds will be added to working capital and will be used for corporate purposes

Registration Statement No. 2-4916. Form A2. (12-17-41)

THURSDAY, JAN. 8

ALABAMA POWER CO.
Alabama Power Co. filed a registration statement with the SEC for $80,000,000 of first mortgage bonds, due Jan. 1, 1972. The interest rate will be supplied by post-effective amendment to the registration statement

Address—600 N. 18th St., Birmingham, Ala.

Business—A subsidiary of the Commonwealth & Southern Corp., this company is engaged, in the State of Alabama, in the generation and purchase of electricity and its distribution and sale at retail in 582 communities and rural areas, and sale at wholesale of electricity to other companies and municipalities. Also, purchases and sells natural gas in Phenix City, provides transportation service in Tuscaloosa and vicinity. About 99% of total gross operating revenues is derived from electric operations

Underwriting and Offering—The bonds will be sold under competitive bidding, pursuant to Rule U-50 of the Public Utility Holding Company Act of 1935, of the SEC. Names of underwriters and the public offering price, will be supplied by post-effective amendment to the registration statement

Proceeds from sale of the new bonds, together with the proceeds of bank loans aggregating $12,000,000 and treasury funds of the company to the extent necessary, will be used for the redemption or provision for payment of the entire outstanding mortgage debt of the company

Registration Statement No. 2-4917. Form A2. (12-20-41)

Declarations and applications filed with SEC in regard to the sale of $50,000,000 first mortgage bonds through competitive bidding permitted to become effective Dec. 30, 1941

TUESDAY, JAN. 13

CONNECTICUT LIGHT & POWER CO.
Connecticut Light & Power Co. has filed a registration statement with the SEC for 336,088 shares of cumulative preferred stock, no par

Address—36 Pearl St., Hartford, Conn.

Business—Business of company consists principally of production, purchase, transmission, distribution and sale of electricity and gas for residential, commercial, industrial and municipal purposes in Connecticut

Underwriters—Principal underwriters are Putnam & Co., Hartford, Conn.; Chas W. Scranton, New Haven; and Estabrook & Co., Boston; names of the other underwriters will be supplied by amendment

Offering—Company proposes to offer a maximum of 136,088 shares of the preferred stock, bearing a dividend rate of $2.25 per share per annum, in exchange for the outstanding shares of 5½% cumulative preferred stock, $100 par, on the basis of 2 shares of $2.25 preferred for each share of 5½% preferred stock held (excludes holders in Minnesota, Wisconsin, Maine, New Hampshire and California); the exchange offer expires Jan. 16, 1942. It is further proposed to offer publicly through the underwriters 200,000 shares of the preferred stock, bearing a dividend rate of $2 per share per annum, plus an additional number of shares of $2 preferred stock equal to twice the number of shares of 5½% preferred stock as are not exchanged. Public offering price will be supplied by amendment

Proceeds will be used to finance, to the extent of about $10,000,000, the company's construction program calling for installation of two 45,000 kilowatt generating units, payment of $300,000 bank loans, and to redeem on March 1, 1942, at $112 per share, all of the 5½% preferred stock not exchanged for the new $2.25 preferred stock

Registration Statement No. 2-4918. Form A2. (12-24-41)

PANHANDLE EASTERN PIPE LINE CO.
Panhandle Eastern Pipe Line Co. filed registration statement with SEC for $10,000,000 first mortgage and first lien series "C" 3% bonds, due Jan. 1, 1962, and 150,000 shares cumulative preferred stock, $100 par value. Dividend rate on the preferred stock will be supplied by amendment

Address—1221 Baltimore Ave., Kansas City, Mo.

Business—Engaged in the production, purchase, transmission and sale of natural gas, major part of which is sold to gas transmission and gas distribution companies for resale

Underwriting and Offering — Approximately 14,000 shares of the preferred stock will be offered for subscription to holders of 63,566 shares of its outstanding common stock who have not waived their preemptive rights to subscribe for the new preferred stock, at the rate of one share of the preferred for each 5⅓ shares of common stock; the subscription price will be supplied by amendment. The remaining shares of preferred stock not required for such exchange offer, together with all of the bonds, will be sold by company under competitive bidding, pursuant to Rule U-50 of the SEC's Public Utility Holding Company Act of 1935. Names of underwriters and the public offering prices, will be supplied by amendment

Proceeds will be applied to the redemption of all the company's outstanding class A preferred stock; to the purchase from Columbia Gas & Electric Corp. of all the outstanding securities (stock and debt) of Michigan Gas Transmission Corp. and Indiana Gas Distribution Co.; to purchase from Ohio Fuel Gas Co. of natural gas pipe lines in Indiana and Ohio; and the balance to pay part of the cost of authorized construction work

Registration Statement No. 2-4919. Form A2. (12-24-41)

WEDNESDAY, JAN. 14

MILLER TOOL & MFG. CO.
Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock, $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co., is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

THURSDAY, JAN. 15

IOWA SOUTHERN UTILITIES CO. OF DELAWARE
Iowa Southern Utilities Co. of Del. has filed a registration statement with the SEC for $10,000,000 first mortgage 3½% bonds, due Dec. 1, 1971, and $5,160,000 of 4½% sinking fund debentures, due Dec. 1, 1971

Address—Centerville, Ia.

Business—Principal business of this public utility operating company is that of generating, distributing and selling electrical energy for light, heat and power, serving 134 communities at retail in 24 counties in the southern and southeastern parts of Iowa. Also, manufactures and sells artificial gas to several communities in that area, as well as steam heat

Underwriters—W. C. Langley & Co., New York, and Halsey, Stuart & Co., Inc., Chicago, are named principal underwriters; the names of the other underwriters will be furnished by later amendment to the registration statement

Offering—The bonds and debentures will be sold to the public, at prices to be supplied by amendment to the registration statement

Proceeds, together with other funds of the company will be used to redeem the following issues of bonds of the company: $10,000,000 first mortgage 4s, due May 1, 1970; $2,660,000 general mortgage sinking fund 4½s, due May 1, 1950; and $2,500,000 of 6% series A debentures, due May 1, 1950, requiring an aggregate of $15,854,700, exclusive of accrued interest on the bonds to be redeemed

Registration Statement No. 2-4921. Form A2. (12-27-41)

SATURDAY, JAN. 17

DOMESTIC FINANCE CORP.
Domestic Finance Corp. has filed a registration statement with the SEC for 61,484 shares common stock, no par value

Address—231 S. La Salle St., Chicago, Ill.

Business—Engaged, through subsidiaries, in the small loans business, operating 36 offices in 9 states.

Underwriting and Offering—The shares registered are outstanding and owned by Merchants & Manufacturers Securities Co., and are being offered solely for the purpose of exchanging the same for the 30,742 outstanding shares of participating preferred stock of Merchants & Manufacturers Securities Co., on the basis of two shares of common stock of Domestic Finance Corp. for one share participating preferred stock of Merchants & Manufacturers Securities, plus cash adjustment for dividends. Latter company reserves the right at any time to pay to dealers and others not to exceed 50 cents for each share of common stock of Domestic Finance Corp. delivered in such exchange as compensation for services in assisting Merchants & Manufacturers Securities Co., in consummating such exchanges

Registration Statement No. 2-4922. Form A2. (12-29-41)

WEST INDIES SUGAR CORP.
West Indies Sugar Corp. filed a registration statement with the SEC for 453,691 shares of common stock, $1 par

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of several operating subsidiaries engaged principally in the production of raw cane sugar and invert and blackstrap molasses in the Dominican Republic and Cuba

Underwriters will be named by amendment

Offering—The shares registered are already outstanding, and are owned by City Company of New York, Inc., In Dissolution, to the extent of 436,691 shares; National City Bank of New York, parent of the former company, is the holder of the remaining 17,000 shares registered. The aggregate of the shares registered represents 47.7% of the outstanding common stock of the company, and will be offered to the public, at a price to be supplied by amendment

Proceeds will be received by the selling stockholders

Registration Statement No. 2-4923. Form A2. (12-29-41)

CORNELL-DUBILIER ELECTRIC CORP.
Cornell-Dubilier Electric Corp. filed a registration statement with the SEC covering $1,500,000 convertible sinking fund debentures; 30,000 shares of 5% cumulative convertible preferred stock, $50 par; and an unstated amount of common stock, $1 par, the latter to be reserved for issuance upon conversion of the debentures or the preferred stock. Interest rate and maturity date of the debentures will be supplied by amendment.

Address—333 Hamilton Blvd., S. Plainfield, N. J.

Business—Engaged in manufacture and sale of various types of capacitors, known also as fixed electrical condensers, devices for storing electrical energy between two or more conducting surfaces separated by a dielectric or non-conductor

Underwriting—McDonald-Coolidge & Co., Cleveland, and Eastman, Dillon & Co., New York, are named principal underwriters

Offering—Company states that because of the present uncertainty of wordwide conditions, it is impossible to determine at this time whether it will be more advisable for the proposed financing to be effected by means of an offering of debentures or preferred stock. It is not expected that both the types of securities will be registered, but that later either the debentures, or the preferred stock, will be sold to the public, and the other type of security will be eliminated from registration. Public offering price will be supplied by amendment

Proceeds will be used to pay $400,000 bank loans, reimburse company's treasury for expenditures made and to be made for plant, machinery and equipment during past and current years, and for working capital

Registration Statement No. 2-4924. Form A2. (12-29-41)

SUNDAY, JAN. 18

SCHENLEY DISTILLERS CORP.
Schenley Distillers Corp. filed a registration statement with the SEC for $10,000,000 10-year sinking fund debentures, due Jan. 1, 1952, and $17,500,000 15-year sinking fund debentures, due Jan. 1, 1957. Interest rates will be supplied by amendment to registration statement

Address—350 Fifth Ave., New York City

Business—Company and its subsidiaries are engaged generally in the distilling, blending, rectifying, producing, warehousing, bottling, buying, selling, exporting and importing alcoholic products for beverage purposes, principal business being production and sale of rye, bourbon and blended whiskies in the United States

Underwriting—Mellon Securities Corp., Pittsburgh, is named principal underwriter; names of others will be supplied by amendment

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

Proceeds from sale of the debentures, together with the net proceeds of unstated amount of short-term bank loans to be procured by company prior to or concurrently with the issue of the debentures, will be applied to payment of all the present bank loans of company. Amount of such bank loans outstanding on Aug. 31, 1941, was $24,000,000

Registration Statement No. 2-4925. Form A2. (12-30-41)

DATES OF OFFERING UNDETERMINED

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

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

Address—Bendix Airport, Bendix, N. J.

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

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

Offering—Preferred stock to be offered amendment.

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

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

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

Calendar of New Security Flotations

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

Amendments filed Nov. 25 and Dec. 13, 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)

Proposed offering as amended Dec. 10, 1941, 9,000 shares at $54.25 per share

Amendments filed Nov. 21, Dec. 8, and Dec. 26, 1941, to defer effective date

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)

Amendment filed Dec. 3, 1941, to defer effective date

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)

Amendments filed Nov. 24 and Dec. 11, 1941, to defer effective date

Registration Statement withdrawn Dec. 27, 1941

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 re-offer 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 amount of each issue underwritten by 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

Amendments filed Dec. 9 and Dec. 27, 1941, to defer effective date

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)

Amendment to defer effective date filed Dec. 24, 1941

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)

Amendments filed Nov. 18, Dec. 6 and Dec. 24, 1941, to defer effective date

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)

Amendments filed Nov. 8 and Dec. 15 to defer effective date

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)

Hearing on suspension of registration statement postponed from Dec. 22 to Jan. 6, 1942

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)

Amendments filed Nov. 27 and Dec. 15, 1941, to defer effective date

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

Proposed offering as amended: 23,100 shares by company, 105,756 shares by certain 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)

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 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.

Amendment filed Dec. 16, 1941, to defer effective date

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)

Amendments filed Nov. 26 and Dec. 15, 1941, to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

Inter-Mountain Telephone Co. filed registration statement with SEC for 25,000 shares common stock, voting, $10 par value

Address—Sixth and Crumley Sts., Bristol, Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

Underwriters—Alex. Brown & Sons, Baltimore; Mason-Hagan, Inc., Richmond, Va.; Stern, Wampler & Co., Inc., Chicago; Equitable Securities Corp., Nashville, Tenn.; Courts & Co., Atlanta, Ga.; R. S. Dickson & Co., Inc., Charlotte, N. C.; Minnich, Wright & Co., Inc., Bristol, Tenn.

Offering—The 25,000 shares of common stock will be offered to the public, at a price to be supplied by amendment to registration statement. The shares are to be offered for the account of the underwriters, who are to acquire such shares as follows: Southern Bell Telephone & Telegraph Co. and Chesapeake & Potomac Telephone Co. of Virginia, have agreed to sell to above underwriters, a total of 25,000 shares of 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

Registration Statement No. 2-4908. Form A2. (12-6-41)

Amendment to defer effective date filed Dec. 22, 1941

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)

Effective—4:45 p. m., E.S.T., on Dec. 11, 1941

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 2.6 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, and Dec. 8, 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)

Amendments filed Nov. 19, Dec. 8 and Dec. 26, 1941 to defer effective date

McDONNELL AIRCRAFT CORP.

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

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

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

Underwriting—None. Securities to be offered by company

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

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

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

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

MERCHANTS & MANUFACTURERS SECURITIES CO.

Merchants & Manufacturers Securities Co. has filed a registration statement with the SEC for $1,081,000 of 10-year 4½% debentures, due Sept. 1, 1950

Address—231 South La Salle St., Chicago, Ill.

Business—Through its subsidiaries, is engaged in the small loans business

Underwriting and Offering—The debentures are outstanding in the hands of the public and have been registered with SEC under Securities Act of 1933 solely for the purpose of obtaining the assent of the holders of not less than a majority in principal amount thereof to modify certain provisions of the indenture under which the debentures have been issued. Smith, Burris & Co., Chicago, is to assist company in obtaining such assents. Major modification of indenture being sought is to permit release from covenants thereof of not to exceed 62,484 shares of common stock of Domestic Finance Corp. now owned by Merchants & Manufacturers Securities Co. It is present intention of company to dispose of such shares either in exchange for or to utilize the proceeds of the sale thereof for the purchase of shares of participating preferred stock of the company

Registration Statement No. 2-4912. Form A2. (12-12-41)

Amendment filed Dec. 27, 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.

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 as of 4:45 p. m., E.S.T., Nov. 11, 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)

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 now contemplated; balance for working capital

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

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% 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)

Effective—10 a.m. E.S.T. on Dec. 6, 1941

No bids for the purchase of the bonds were received on Dec. 16, 1941

RAILROAD EMPLOYEES CORP.

Railroad Employess 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

Number of shares reserved for conversion purposes, 107,142

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

Price supplied by amendment, $98

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)

Amendment to defer effective date filed Dec. 23, 1941

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)

Amendment filed Dec. 16, 1941, to defer effective date

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)

Registration Statement withdrawn Dec. 20, 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)

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)

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)

Amendments filed Nov. 25 and Dec. 13, 1941, to defer effective date

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.

VIRGINIA LAND CO.

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

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

Underwriters—None

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

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

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

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

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5¼% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

Address—117 S. Washington St., Alexandria, Va.

Business—Company is principally an electric operating public utility engaged in the production, purchase, transmission, distribution and sale of electric energy at retail and wholesale in Virginia, West Virginia and, to a minor extent, in North Carolina. Company is a subsidiary of General Gas & Electric Corp., which is in the Associated Gas & Electric Corp. holding company system

Underwriting and Offering—The securities registered will be sold through competitive bidding, under the SEC's competitive bidding Rule U-50 of the Public Utility Holding Company Act. Only exception is confined to such shares of the new preferred stock as may be issued on a share for share basis (with a cash adjustment) to holders of the presently outstanding preferred stock who do not elect to take cash for their stock. Name of underwriters, and public offering prices for the securities, will be supplied by post-effective amendment to registration statement

Proceeds will be used as follows: The 628,333 shares of new no par common stock will first be issued to General Gas & Electric Corp. in exchange for the old common stock now held by General Gas & Electric Corp., and will be offered for sale through competitive bidding. The proceeds from the sale of the securities registered will be used to retire all of the outstanding long-term indebtedness of the company, its predecessor and constituent companies, and that of Virginia Public Service Generating Co. (a subsidiary), to make cash payments to its present preferred stockholders, and to provide company with funds for new construction

Registration Statement No. 2-4913. Form A2. (12-12-41)

Amendment to defer effective date filed Dec. 26, 1941

Heating and Ventilating Exposition To Be Held

The 7th International Heating & Ventilating Exposition is to be held at the Commercial Museum, Philadelphia, Jan. 26 to 30, next. The exposition, which has been planned for more than a year as a normal presentation in the biennial sequence of heating and ventilating expositions, has taken on increasing importance recently with many exhibitors because of the growing stress of defense preparations. Priorities, shortages, substitutions of materials, diversion of products out of normal channels and into the defense routine have created situations which can most promptly be analyzed and harmonized by bringing together suppliers of materials, manufacturers and consumers, with their technical advisors at one time and place.

Such a meeting ground the exposition provides, with the added advantage that it also presents the physical aspects of products under discussion in their newest forms including changes recently made in view of emergency conditions.

A timely and stimulating program, organized by the American Society of Heating and Ventilating Engineers, under whose sponsorship the exposition is held, is expected to draw a record-breaking attendance for the society's 48th annual meeting, Jan. 25-29.

Other gatherings projected for the same period include that of the National Warm Air Heating and Air Conditioning Association, Jan. 27 and 28.

Murrey Perlman Will Be Partner in S. K. Cahen Co.

Murrey Perlman, formerly with Loeb, Alsberg & Co., will become a partner of S. K. Cahen & Co., over-the-counter brokers and dealers, on Jan. 2, 1942, when the firm will move its offices to 65 Broadway, New York City.

Gaylord in Air Corps

Bradley Gaylord has retired as a partner in Laurence M. Marks & Co., 49 Wall Street, New York City, members of the New York Stock Exchange, to accept a commission in the U. S. Army Air Corps.

Pa. Factory Employment Sustained In November Delaware Slightly Off

Employment in Pennsylvania factories was sustained in November at a peak level approximating 1,150,000 workers and wage disbursements showed only a slight decrease from the record volume of about $36,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,883 establishments. Ordinarily, wage payments declined substantially from October to November. Total employee hours worked declined about 2% in the month. The number employed was 16% greater than in November, 1940; increases of 40% in payrolls and 27% in working time were reported in this period. Under date of Dec. 18 the Reserve Bank further reports:

Wage payments in November approximated or exceeded seasonal expectations in all major lines. Increases over a year ago were generally most pronounced in the heavy industries, particularly those turning out transportation equipment, certain types of primary iron and steel, a wide range of steel manufactures, and many nonferrous metal products. The sharpest expansion from 1940 levels in non-durable goods lines has occurred at woolen mills, clothing factories, establishments producing leather and leather products, chemicals and drugs, and at canning plants.

Hourly earnings of factory workers in Pennsylvania increased in November to a new high average of nearly 84 cents as against 73 cents a year ago. But the number of hours worked per week declined to 40.8 from 41.5 in October, so that average weekly earnings decreased slightly from a peak level to $33.82. This was $5.60 above November, 1940.

At reporting Delaware factories the number employed showed a small decline from October to November, but was about 30% greater than a year earlier. Wage payments increased somewhat to a level 63% above 1940. Working time decreased fractionally from October, owing largely to a seasonal decline in activity at canning factories.

Cgo. Trade Board To Vote On New Membership Rule

CHICAGO, ILL. — Members of the Chicago Board of Trade on Jan. 6, 1942 will vote on a proposal to require member firms to own memberships in proportion to the number of partners in the firm. Under the proposed rule, a firm with two partners would be required to own two memberships; three to five partners, three memberships; six to ten partners, four memberships, ranging up to ten memberships for a firm with thirty-six or more partners. Officials of the Board of Trade have estimated that between forty and fifty new memberships would have to be purchased under the plan which would become effective Jan. 1, 1943.

Madden At Barcus Kindred

(Special to The Financial Chronicle)

CHICAGO, ILL.—James Arthur Madden has become associated with Barcus, Kindred & Company, 231 South La Salle Street. Mr. Madden was formerly with Stifel, Nicolaus & Co. for many years, in the past being manager of their Cleveland office.

Adler Now Proprietor

(Special to The Financial Chronicle)

BOSTON, MASS. — Shirley Ruth Adler has become proprietor of Trescott Griffin & Company, 161 Devonshire Street.

Fixes Sugar Ceilings; Freezes Sugar Stocks

The Office of Price Administration on Dec. 21 established maximum levels for all types of refined and direct consumption sugars, covering sales by primary distributors and by wholesalers. Price Administrator Leon Henderson, in announcing the order, said:

The OPA has removed all possibility that retail outlets will be forced to pay more for their supplies of sugar. Hence, there is no reason for American housewives to pay any higher prices for this fundamental foodstuff than they did before the attack on Pearl Harbor on Dec. 7.

Wholesalers were ordered not to raise prices above the highest price charged between Dec. 1 and 6.

Douglas C. MacKeachie, Director of Purchasing of the Office of Production Management, said on Dec. 20 that the Nation's sugar supply is "tight, but not bad." He stated that a consumer run on sugar developed after Japan's attack on Hawaii and that this buying took more than a month's supply off the market. This run, Mr. MacKeachie said, forced the OPM on Dec. 13 to order the Nation's sugar stocks frozen and limit new deliveries by importers and refiners to 1940 levels. The move was designed to "prevent possible hoarding or speculation." In reporting this action, Associated Press advices said:

Emphasizing that there was no immediate or imminent sugar shortage, officials said the order would assure normal supplies to industrial and civilian consumers and would prevent further increases in 500,000 tons of sugar already built up as reserve supplies this year by jobbers, industrial users and wholesalers.

Under the order, all such stocks in excess of 60 days' supplies are frozen immediately and no receiver may accept delivery of additional sugar from a refiner or importer if his stock on hand exceeds 30 days' supply.

Further, no receiver can accept delivery of more sugar in any one month than he received during the corresponding month of 1940.

Dollar Exchange Pact With China Expected

Secretary Morganthau announced on Dec. 24 that the arrangement of July 14, 1937, under which the Central Bank of China has been enabled to obtain dollar exchange under certain special conditions, has been extended for a period of six months beyond December 31, 1941. The Treasury Department's announcement added:

"This arrangement is to be distinguished from the stabilization agreement concluded by the Secretary earlier this year with the Chinese Government and the Central Bank of China, which provided for the purchase of Chinese Yuan by the United States Stabilization Fund to the amount of $50,000,000, and for the establishment by China of a United States Dollar-Chinese Yuan Stabilization Fund.

Reference to the Stabilization Agreement appeared in our issue of May 3, 1941, page 2777. The terms of the 1937 agreement were given in these columns July 17, 1937, page 360.

Filor Bullard Admitting

Joseph J. Mulcahy will become a partner in Filor, Bullard & Smyth, 39 Broadway, New York City, members of the New York Stock and Curb Exchanges, on Jan. 1.

A Dealers' Bomber!

We are in receipt of the following letter which we commend to the attention of our readers:

No one will argue with me when I make the statement that the Security Brokers and Dealers and their employees are as patriotic a group as can be found in the country. These people are as anxious for the preservation of Democracy as all other good Americans and, if anything, they have a greater stake in the preservation of the capitalistic system than any other group.

I am not certain as to the number of people employed in the security business but it is my impression that there must be in the neighborhood of 100,000. I suggest that we in this industry underwrite a bomber for the United States Navy and, further, that we guaranty there always will be a bomber representing this industry working for the Navy. My idea is that voluntary contributions of not over $2 per person be received by someone and then turned over to the Treasury for the purpose outlined above. If anything happens to our bomber, we'll raise money for another one.

Many appropriate names for such a bomber would be available and as one I would suggest "Pearl Harbor."

If you think this idea has merit I suggest your getting back of it and giving it the publicity which only the Chronicle can in our industry.

Very truly yours,
B. S. Lichtenstein.

Mr. Lichtenstein informs us that one of the banking institutions in New York City has assured him that it would be glad to act as trustee and depository for the fund suggested.

We suggest that interested readers get in touch with Mr. Lichtenstein, whose address is 99 Wall Street, and whose telephone number is Whitehall 4-6551.—Ed.

Geo. Mackubin Retires

The retirement of George Mackubin as a member of the New York Stock Exchange firm of Mackubin, Legg & Co. is announced today. The investment banking and brokerage business of the firm will be continued under the same name in Baltimore and Hagerstown, Md., and New York City, with John C. Legg, Jr., Auville Eager, Laurence M. Simmonds, Howard E. Demuth and Joseph W. Sener as the continuing partners.

THE BOND SELECTOR

SUPERIOR OIL CO. (CAL.) 3½s, 1956

Recent Discovery Program Has Added Enormously To The Company's Reserves

Operations of Superior Oil Company consist entirely of the production of crude oil and natural gas primarily in California (where over 60% of total reserves are located) and in Louisiana and Texas. Some additional production is obtained from Indiana, Illinois, Oklahoma and New Mexico fields. The major portion of Superior's output is sold to other companies, including Pan American Petroleum and Union Oil of California. The company itself does no processing or refining.

In the past five years, the company has been engaged in a major development program. As an indication of the success of this program it should be noted that estimated proven reserves increased from 32,000,000 barrels on Aug. 31, 1937, to 130,000,000 on Dec. 31, 1939, and to 175,000,000 on Aug. 31, 1941. As a result of these enormous increases in reserves and the necessary large expenditures in bringing the expansion into being, the company's earnings have been held down by the extremely heavy charges for exploration and intangible development costs, since the company follows the practice of charging these costs against earnings as they are incurred. Lease rentals also are charged to current expenses.

These conservative accounting methods have resulted in the immediate absorption of all these expenses with the result that reported earnings in the 1938 and 1940 fiscal years were insufficient to provide for fixed charges. The following table shows sales and certain income items during some recent years:

(000 Omitted)

Fisc. Year	Gross Operating Income	Operating Expenses	Dev. Costs Writeoffs, D. & D.	Avail. for Fixed Charges	*Pro Forma Fixed Charges	X-Earned
1941	$16,720	$5,172	$9,285	$1,995	$525	$3.80
1940	11,140	5,107	6,941	903-d	525	---
1939	11,300	5,049	5,385	1,021	525	1.95
1938	10,391	3,942	6,875	281-d	525	---

*Based on annual interest requirements of the 3½s, 1956.

As an indication of the trend in annual production and the increasing drilling activity over the past several years, the following figures are presented:

	Net Daily Production (bbls.)	Wells Drilled: Producing	Dry	Total
1941	35,995	221	19	240
1940	23,850	122	18	140
1939	23,539	51	19	70
1938	19,170	70	11	81

The outstanding $15,000,000 of 3½% debentures due 1956 were offered on Nov. 15, 1941, at 103.

At present the bonds can be bought in the neighborhood of 102, to yield about 3.33%. The indenture carries a sinking fund provision which retires all outstanding bonds out of earnings by maturity. The sinking fund starts operating on Nov. 1, 1944, on which date $400,000 are to be retired; $800,000 are to be retired in 1945, $1,000,000 in 1946, and so on. The bonds are redeemable at the option of the company in whole or in part at 105½ up to Nov. 1, 1942, at 105¼ up to Nov. 1, 1943, and at declining prices thereafter.

Of the approximately $15,000,000 received from sale of these debentures, the company used $10,094,000 to redeem the 3¼s due 1950, the balance of about $5,000,000 going to working capital. Actually, this balance and the amount raised in 1940 through the sale of the 3¼s financed and continues to finance the company's discovery program and this is expected to go on over the next year, particularly in the Lake Creek field in Texas.

At August 31, 1941, the company's net working capital amounted to $3,343,000. Total current assets of $6,742,000 included cash of $2,405,000, receivables of $1,885,000 and inventories of $2,452,000. The balance of funds received from sale of the 3½s, 1956, will increase the working capital figure by approximately $5,000,000.

The particularly favorable features of Superior Oil Co. include the following: (1) large reserves, amounting to nearly 6 barrels per dollar of market value of capitalization; (2) a growth company insofar as its discovery program is constantly augmenting reserves; (3) the fact that all costs for development are charged against earnings as incurred. and (4) indications that earnings will increase substantially over the near term.

These bonds can be considered somewhat better than medium-grade and appear to offer a relatively safe income-producing investment with but slight possibility of much in the way of price appreciation.

Harry Parker Forming Own Company In NYC

Harry Parker is forming Harry Parker Co., with offices at 74 Trinity Place, New York City, to deal in over-the-counter securities, specializing in inactive issues. The firm's telephone number will be WHitehall 4-8565, the teletype will be NY 1-1102. Mr. Parker, who is an active member of the Security Traders Association of New York, was formerly Manager of the trading department of the New York office of the Colonial Bond & Share Corporation of Baltimore.

Colonial Bond & Share To Have Wire To E. H. Gibb

Colonial Bond & Share Corporation are discontinuing their New York City office but will maintain a direct wire to E. H. Gibb & Co., 74 Trinity Place, New York City. Walter E. Bachman who was formerly manager of Colonial Bond & Share Corporation's New York office will become associated with E. H. Gibb & Co.

The Business Man's Bookshelf

The Securities Market and How It Works
By Birl E. Shultz
Former Dean, New York Stock Exchange Institute
Harper & Brothers, New York, $5.00

All who have anything to do with today's security market, whether as brokers, salesmen, partners, members, customers, employees preparing for qualifying examinations, or students in college courses on this subject, will find this volume useful.

It grows out of instruction formerly given to registered Stock Exchange employees by the N. Y. Stock Exchange Institute, and supersedes "Stock Exchange Procedure," published in 1936. Here is thus the only complete, up-to-date and authoritative text on the entire work of stock exchanges and the N. Y. Stock Exchange in particular.

It presents the history and functions of stock exchanges, a detailed description of the succession of steps required in listing, buying and selling of securities and the technical features of procedure followed on the floor of the Exchange and in the brokerage office in handling various types of orders. Every aspect of mechanical operation and of the many current problems of stock exchange procedure is included.

Dr. Birl Schultz, Editor and senior author, was for many years the Director of the N. Y. Stock Exchange Institute. He was assisted by nearly forty associates who wrote certain portions or supplied special data.

Date of publication is Jan. 6, 1941.

Moroney, Beissner & Co. Is Now New Firm Name

HOUSTON, TEX.—As of today, the firm name of Moroney & Co., Niels-Esperson Building, will be changed to Moroney, Beissner & Co. The firm will continue as a partnership without any change in partners or personnel. Members of the organization are: Robert E. Moroney, Henry Beissner, Jr., and Claude T. Crockett. The firm has specialized in underwriting and distributing Texas municipals and corporate securities since 1919.

Wm. J. Mericka Co. Now In New & Larger Quarters

Wm. J. Mericka & Co., New York and Cleveland underwriting house, and specialists in Ohio securities, announce that the New York office has been moved to new and larger quarters at 29 Broadway. The telephone and teletype numbers remain unchanged. The New York office is in charge of Thomas G. Horsfield.