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In 2 Sections – Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

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Our Reporter On "Governments"

Despite its billion-dollar size, the refunding operation, in itself, may be considered of only minor importance. . . . It was more or less a routine affair; it involved few of the problems that ordinarily accompany out-and-out cash borrowings; it certainly wasn't as crucial a deal, as, say, the recent issue of 2½s. . . .

But the refunding brought out several points of vital significance to all present and potential holders of U. S. Government obligations. . . . And if you haven't recognized these angles as yet, you would be wise to read and consider the following seriously. . . .

In the first place, many holders of the called Treasury 1¾s, RFC and FFMC notes did not wait for the new issue to reinvest their funds. . . . They "did their own refunding" instead a week or several days before the actual announcement. . . .

They bought tax-exempt notes and bonds with the funds released by redemption of the tax-exempt direct and guaranteed issues. . . .

Their interest was in tax-exemption—not in the money to be made on a refunding transaction. . . .

That's important. . . . Perhaps your position dictates similar action. . . .

In the second place, the issue indicated the Treasury's continuing reliance upon the commercial banks as a source of cash during the coming period of record-high spending, unprecedented borrowing. . . .

The savings banks are going to become less and less important as purchasers of Government issues as their deposits dwindle—due

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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 and succeeding weeks 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 have read your articles dealing with the subject of "Over-the-Counter" newspaper quotations and the comments thereon with a great deal of interest.

Quotations appearing in the newspapers would seem to have two important functions: First, to keep the security holder informed as to the value of the securities he holds, and second, to stimulate public interest in securities. It seems to us that the present system of quoting "Over-the-Counter" securities fails to do either of these things at all well and that in view of this failure, the complete situation should be reviewed.

It is probable that a few simple changes will not completely remedy the condition. We have never found it possible to set profits even in a given stock or bond which could be fairly and justly applied to every sale. It should be remembered in this connection that "Over-the-Counter" dealers charge a commission not for the actual execution of the business, but for the careful analysis and inspection that has gone before the execution and that will continue to be available to the buyer without charge so long as he may hold that security. In view of this fact, it would appear to be impossible to arrive at a method of computing quotations that will be sufficiently flexible to apply to any given situation. And yet, it is our sincere desire to arrive at a method which will enable our customers to tell what the approximate value of their securities is.

Radical as the idea may at first sound, we have come to the conclusion, after months of thought and discussion both with other dealers and with interested individuals, that the entire purpose would be better served if "Over-the-Counter" securities were quoted with one definite price. The situation would then be that instead of finding his stock quoted 15-18 and an actual market of 15¾-16¼, the individual would see his security quoted at $16.50 a share and he could multiply that price by the number of shares which he held and quickly arrive at an estimate of its value. And in the event that he wanted to trade on that market, it would probably be less difficult to explain the variance of the actual bid or ask from the stated quotation than it now is to explain the variance between the quoted and actual market.

This radical departure from custom would require a certain amount of educational work on the part of all retail dealers. But having gotten that educational work done we would then have a system of quotations which would arouse the interest of the uninitiated and perhaps bring more fresh money into our markets for

(Continued on page 210)

OUR REPORTER'S REPORT

As the time approaches for tender of bids for the $80,000,000 of 30-year bonds of the Alabama Power Company, noon Monday is the deadline, the situation finds only one syndicate definitely in the field for the business.

But there are rumblings that suggests the strong possibility of a "surprise" bid for the issue which, incidentally, is the largest undertaking yet attempted under the Securities and Exchange Commission's Rule U-50 which provides for the sale of utility issues through competitive bidding.

It was pointed out in underwriting quarters that the deal, as it shapes up, is made almost to

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Tri-City Traders Plan Gala Round Of Dinners

CHICAGO, ILL. — The Bond Traders Club of Chicago, the Bond Traders Club of Kansas City, and the Security Traders Club of St. Louis, announce their winter dinners to take place early in February, at the Palmer House, Chicago on Feb. 3, at the Kansas City Club, Kansas City, Feb. 5, and at the Hotel Statler, St. Louis, Feb. 6.

Special round trip accommodations from Chicago are being offered by the Chicago group, covering rail and Pullman accommodations, rooms in Kansas City and St. Louis, dinner on the train, guest fees at St. Louis and Kansas City, etc. Reservations and further information may be obtained from Firmin D. Fusz, Jr., Fusz-Schmelzle & Co., St. Louis, Mo.; Edward H. Welch, Sincere & Co., Chicago; and L. B. Carroll, Prescott, Wright, Snider Co., Kansas City.

Dempsey, Tegeler & Co. of St. Louis will entertain traders coming to the St. Louis dinner at breakfast in St. Louis on Friday morning.

Van Wilmer Joins Wurts, Dulles Co.

PHILADELPHIA, PA.—Van B. Wilmer, formerly a partner in Wilmer & Co., has become associated with Wurts, Dulles & Co., 1416 Chestnut Street, members of the New York and Philadelphia Stock Exchanges.

Leslie Rodgers, Jr. Now With H. N. Nash & Co.

PHILADELPHIA, PA.—J. Leslie Rodgers, Jr., has become associated with H. N. Nash & Co., 1421 Chestnut Street, specialists in bank and insurance stocks, in their trading department. Mr. Rodgers was formerly with Hendricks & Eastwood, Swart, Duntze & Co., Inc. and G. M.-P. Murphy & Co. in their bank and insurance trading departments.

E. R. Jones Forms Own Firm In Balt.

BALTIMORE, MD. — Elisha Riggs Jones, member of the Baltimore Stock Exchange, has formed the firm of E. R. Jones & Co., with offices at 221 East Redwood Street, in partnership with Thomas Hanson Sherman. The new organization will act as brokers and dealers in municipal and corporation securities. Associated with the firm is E. M. Everton, as Cashier.

Mr. Jones was formerly a partner in Stein Bros. & Boyce and Mr. Sherman was connected with Mackubin, Legg & Co.

Interested In Sugar?

An analysis of Utah-Idaho Sugar, prepared by Edward L. Burton & Co., 160 South Main Street, Salt Lake City, Utah, has just come off the press. The outlook for the stock is most promising according to the Burton Company, which will send copies of the analysis upon request.

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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.

Pittsburgh Steel Co. Bonds Are Offered

A. G. Becker & Co., Inc., on Jan. 14 offered $2,000,000 Pittsburgh Steel Co. first mortgage bonds, series B, 4½%, due 1950, at 99% and accrued interest from Dec. 1, 1941. This is an additional series of the company's first mortgage bonds which are listed on the New York Stock Exchange where application for listing the new series will be made.

Of the net proceeds to the company from the sale of the bonds, $893,000 will be deposited with the trustee for future withdrawals against property additions now contemplated. The balance of the net proceeds will be added to working capital for reimbursing the company in part for the cost of property additions constructed or acquired in the 12 months ended Nov. 30, 1941.

The company has made appropriations for the installation of two new boilers and is considering the erection of a building and purchase and installation of forging and heat treating equipment for the manufacture of hollow tubular freight car axles, a new product recently patented by the company.

In the five years and nine months ended Sept. 30, 1941, the company and its subsidiaries made expenditures of $16,251,888 for repairs and maintenance, $9,029,758 for capital improvements and on Sept. 30, 1941, had on deposit cash of $3,889,850 to be applied to the construction of a by-product coke plant.

At the request of the Office of Production Management, the company has filed two applications for the erection at the expense of the Government of certain additional iron and steel-making facilities. The facilities covered by these applications are estimated to cost approximately $16,200,000 and $870,000, respectively.

Union Oil Co. of Cal. Debs. Oversubscribed

New capital financing for Union Oil Co. of California was carried out Jan. 13 with the offering of $15,000,000 of 3% debentures, due Jan. 1, 1967, by an underwriting group headed by Dillon, Read & Co. The debentures were priced at 99½%, plus accrued interest. Dillon, Read & Co., on behalf of the group of underwriters, announced that the selling group books were closed the day of offering.

Net proceeds from the sale are initially to become a part of the company's general funds and as such may be used for such purposes as the management may from time to time determine. The company intends to make capital expenditures of substantial amounts, the exact nature and cost of which cannot be determined at the present time.

Upon completion of the financing the funded debt of the Union Oil Co. of California will consist of $30,000,000 of 3% debentures due Aug. 1, 1959, and $15,000,000 of 3% debentures due Jan. 1, 1967, exclusive of $7,953,500 of non-redeemable 6% bonds, due May 1, 1942, funds for the payment of which at maturity are on deposit in irrevocable trust. Capital stock outstanding consists of 4,666,270 shares of $25 par value.

NY Security Dealers Appoint 1942 Officers

At a meeting of the Board of Governors of the New York Security Dealers Association the following officers were appointed for the year 1942: Frank Dunne, Dunne & Co., President; Clarence E. Unterberg, C. E. Unterberg & Co., and John J. O'Kane, Jr., John J. O'Kane, Jr. & Co., Vice-Presidents; Tracy R. Engle, Secretary, and Fred J. Rabe, Treasurer.

Philip L. Carret of Carret, Gammons & Co. was added to the Board of Governors to serve for three years.

The following were elected to active membership in the Association:

Blair F. Claybaugh, Blair F. Claybaugh Co.; Henry C. Keister, Jr., Adams, Keister & Co., Inc.; William E. Lohrman, Wm. E. Lohrman Co.; and J. Arthur Warner, J. Arthur Warner & Co.

J. J. Lamb Now With Blair F. Claybaugh Co.

J. Joseph Lamb has become associated with the New York office of Blair F. Claybough Co., 72 Wall Street. He will specialize in industrial securities. Mr. Lamb was formerly with Winslow, Douglas & McEvoy and prior thereto was manager of the industrial stock department for J. F. Sammon & Co.

Admit King; Firm Now Hixon, Stewart & King

CHICAGO, ILL.—Announcement is made of the admission of Thomas E. King to Hixon & Stewart as a general partner and the change of the firm name to Hixon, Stewart & King. Mr. King was formerly a partner of Langill & Co. here and will continue to trade unlisted securities specializing in public utilities. Hixon, Stewart & King are members of The Chicago Stock Exchange and maintain offices at 120 South La Salle Street.

Mr. Hixon is chairman of the board of the Hixon-Peterson Lumber Company in Toledo and Vice-President and Director of the McCloud River Railroad Company in California. Mr. Stewart is the son of the late Bishop George Craig Stewart of the Episcopal Church and formerly had his own firm, Thorson & Stewart. He is a Governor of The Chicago Stock Exchange.

Newspapers Raise Prices

Subscription rates have been raised by twenty-five Pennsylvania daily newspapers in the last year—most of them in the last few weeks—to meet increased operating expenses, William N. Hardy, manager of the Pennsylvania Newspaper Publishers Association, reported today. Higher pay rolls and heavier taxes forced the papers to raise the prices, said Hardy.—N. Y. "Herald Tribune."

Nominating Committee Is Elected By NYSE

The January, 1942, Nominating Committee of the New York Stock Exchange has been elected. The committee is composed of:

Three members of the Exchange: Austin Brown, Dean Witter & Co.; Charles S. Hirsch, Jr., Hirsch, Lilienthal & Co.; and Walter W. Stokes, Jr., Stokes, Hoyt & Co.

Two allied members of the Exchange: Newcombe C. Baker, Laird, Bissell & Meeds; and Holstein De Haven Fox, A. C. Wood, Jr. & Co., Philadelphia.

The Committee will hold open meetings in the month of March, to which members and allied members of the Exchange and also non-member limited partners will be invited for the purpose of suggesting nominees for the offices and positions to be filled at the Annual Election of the Exchange on May 11.

A slate of nominees will be reported by the Nominating Committee on April 13.

Fred Fairman, Jr. With OPM Priorities Div.

CHICAGO, ILL.—Fred W. Fairman, Jr., partner of the stock exchange firm of Fred W. Fairman & Co., has taken a leave of absence from the firm to join the Priorities Division of the Office of Production Management in Washington, D. C.

H. Taylor Sales Mgr. Of R. E. Crummer Co.

CHICAGO, ILL.—Harry A. Taylor, associated with R. E. Crummer & Company for the past 20 years, has been named sales Manager of the Crummer organization, C. S. Turner, Vice-President, announced. Mr. Taylor will be in charge of sales in the main office in Chicago and the firm's branches in Wichita, Orlando, Fla., Miami, St. Paul, Kansas City, Des Moines, and Omaha. He was previously with the Texas and Wichita offices and for eight years was in the Orlando office. He came to Chicago more than a year ago to head the trading department.

Fisher & Nimick Are To Become Partners

PITTSBURGH, PA.—Charles N. Fisher and T. Howe Nimick will be admitted to partnership in Singer, Deane & Scribner, Union Trust Building, members of the New York and Pittsburgh Stock Exchanges, as of Jan. 22. Mr. Fisher has been associated with the firm for a number of years as manager of the municipal bond department. Mr Nimick has also been connected with them for sometime.

"JOTTINGS"

This puerile attack on business, and particularly on the automobile industry, for having hamstrung defense with "business as usual" before Pearl Harbor, wouldn't last a minute if business had a decent public relations technique. Only two years ago business was being belabored for favoring war and craving munitions orders as "merchants of death." Only six months ago leading New Deal "thinkers" were pushing their own version of "business as usual" in the form of "guns and butter"—pressure for expanding output so as to take care of civilian requirements. Gano Dunn warned, for instance, that expansion of steel capacity for this purely civilian purpose would cramp the immediate needs of defense users of steel. Only recently, it seems, has the Administration given up its pressure for the St. Lawrence waterway. The REA is still using scarce copper to build transmission lines duplicating private lines.

As to the auto industry. . . . (1) If it has been getting materials at the expense of essential war industries, then something has been seriously wrong with the priorities system. Either it hasn't been working, or Washington hasn't been using it drastically enough. Mere common sense would give the automobile industry any materials it could get after the priorities system had allowed for defense requirements.

(2) In fact there was no real need for a Washington order cutting automobile production by stipulated monthly percentages below 1940-1941. Priorities should have taken care of the situation, leaving the automobile people to produce what they could. Yet the illeberal ("liberal") periodicals are now damning the industry even for asking permission to keep its assembly lines busy long enough to put together the remaining parts on hand.

(3) The automobile industry took all the arms orders it could get and almost invariably beat the schedules, both for the construction of new plant and for turn-out of new tanks, airplane engines, etc. But the orders were slow. They were window dressed with large dollar-orders to plants which could not possibly deliver until 1944, but immediate orders were small. Business men wore out shoe-leather in Washington trying to get larger ones. Some went ahead on letters of intent or even gambled on new plant without any orders at all.

(4) Washington discouraged defense construction by slowness on liberalizing the amortization allowance, by slowness on removing the anti-trust threats to cooperative action, by slowness in cutting procurement red tape, by slowness in stream-lining the defense set-up, and by slowness in removing the profit handicaps on arms output.

(5) Auto assembly lines are not built for aircraft assembly and can't be used for it. The industry depends largely on specialized tools which can't be converted. Where conversion was possible, particularly in the accessory and equipment plants, these plants turned out all the parts they could get orders for.

(6) Responsibility goes with authority, and one of the Admin-

(Continued on page 211)

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.

NEW YORK CITY—**Italo Conte** has been added to the staff of **Hayden, Stone & Co.**, 25 Broad Street.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Henry H. Noyes** has become connected with **Raymond & Company**, 35 Congress Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Julius R. Offenhauer** and **Carl B. Ross** have become associated with **Brailsford, Rodger & Co.**, 208 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**James P. McMahon** is now with **John A. Dawson**, 1 North La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Lucian B. Christiano** has joined the staff of **Dempsey-Detmer & Co.**, 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**John H. Boyle** has become associated with **Shields & Co.**, 135 South La Salle Street. Mr. Boyle was formerly with Lamson Bros. & Co., and Harris, Burrows & Hicks.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**James Edwin Claflin** has become affiliated with **Webber, Darch & Company**, 208 South La Salle Street. Mr. Claflin was formerly with Wolf & Company, Inc., industrial engineers.

(Special to The Financial Chronicle)
CINCINNATI, OHIO — **M. Alfred Mack** has joined the staff of **A. E. Aub & Co.**, Union Trust Building.

(Special to The Financial Chronicle)
DETROIT, MICH. — **Harry J. Doerfler** has rejoined the staff of **Keane & Co.**, Penobscot Building. Mr. Doerfler was recently with W. E. Hutton & Co.

(Special to The Financial Chronicle)
FREEPORT, ILL.—**R. E. Stuart**, previously with Brailsford, Rodger & Co., has become associated with **King & Conrads**, 317 West State Street, Rockford, Ill.

(Special to The Financial Chronicle)
LANSING, MICH.—**Everett V. Eschbach**, formerly local manager for W. E. Hutton & Co., is now connected with **Merrill Lynch, Pierce, Fenner & Beane**, 108 West Allegan Street.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Warren D. Lamport** has become affiliated with **E. F. Hutton & Co.**, 219 East Broadway. Mr. Lamport was previously local representative of Conrad, Bruce & Co., Nelson Douglass & Co., and E. H. Rollins & Sons.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Charles Reginald Henderson** has joined the staff of **W. Mel Wilson & Co.**, 136 Pine Ave.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**John J. O'Donnell**, previously with Butler-Huff & Co. of California, is now affiliated with **Quincy Cass Associates**, 530 West Sixth St.

(Special to The Financial Chronicle)
MANCHESTER, N. H.—**Walter E. Wheeler** has been added to the staff of **R. H. Johnson & Co.**, 31 State Street, Boston, Mass.

(Special to The Financial Chronicle)
PORTLAND, ME.—**Maurice A. Gellerson** has rejoined the staff of **Bowers & Co.**, Bank of Commerce Building. Mr. Gellerson was recently with Timberlake & Co.

(Special to The Financial Chronicle)
PORTLAND, ME.—**Ralph W. E. Giles**, formerly with Bowers & Co., is now associated with **R. H. Johnson & Co.**, 31 State St., Boston, Mass.

(Special to The Financial Chronicle)
PORTLAND, ME. — **Henry P. Damrell** is now with **J. Arthur Warner & Co.**, Chapman Building.

(Special to The Financial Chronicle)
PORTLAND, ORE.—**John F. T. Kirkup** has become associated with **Hughes, Humphrey & Co.**, 309 South West Sixth Ave. Mr. Kirkup was previously with Russell, Hoppe, Stewart & Balfour, Humphrey & Galbraith, and Stephenson, Leydecker & Co.

(Special to The Financial Chronicle)
ROCKFORD, ILL.—**John Adams Kadel** is now with **King & Conrads**, 317 West State St., Mr. Kadel was formerly with the Byron State Bank of Byron, Ill.

(Special to The Financial Chronicle)
JEFFERSON CITY, MO.—**Malcolm Bradlee Epstein** is now associated with **A. G. Edwards & Sons**, 409 North Eighth St., St. Louis, Mo.

(Special to The Financial Chronicle)
ST. LOUIS, MO.—**Paul T. Phiambolis**, for many years with Neuwoehner, Gremp & Co., is now with **Francis, Bro. & Co.**, Fourth & Olive Sts.

(Special to The Financial Chronicle)
ST. LOUIS, MO. **Bertram A. Doering** is now affiliated with **Scherck, Richter Co.**, Landreth Building.

(Special to The Financial Chronicle)
SAN DIEGO, CALIF.—**Clifford Penn Thomas**, previously with Fox, Castera and Co., is now associated with **Wheaton and Roberts**, Bank of America Building.

(Special to The Financial Chronicle)
SPOKANE, WASH. — **A. J. Reinhart** has been added to the staff of **E. J. Gibson & Co.**, 5 Wall Street.

Tomorrow's Markets Walter Whyte Says

I can see another set back which may carry stocks at least to the lows made in the last week of December; hence I can see no point in taking new positions now; better to liquidate and hold cash for better opportunities; details below.

By WALTER WHYTE

Last week I spoke about a pending 2 to 4 point reaction to be followed by a snap back that would retrace most, if not all, of the lost ground.

* * *

Since this was written, you have seen what has happened. The market did go down; maybe not the full four points that were originally indicated, but certainly the two points.

* * *

On Tuesday the reaction seemed to be over and before the close, the market picked up momentum and regained at least part of its lost ground. As a matter of fact, Tuesday was one of the strongest days we have seen since the market made it's last top on January 4th. Yet there were two things missing from that day, and the day following, Wednesday, which to me put a damper on the proceedings.

* * *

The first was volume; of course with the year-end tax selling and general evening up out of the way it is too much to expect for volume to hold up. However, if volume of importance was lacking the kind of buying I saw most of the last two days was definitely not the kind that would make me stand up and cheer. On the contrary, the buying at times, was the kind that made me look for bogey men.

* * *

First there was the sudden outburst in the rubbers and the oils. I hear and read that this was the result of the Washington announcement that the Government was planning to spend a lot of money to build plants that would turn out some 400,000 tons of ersatz rubber. The theory apparently was, that this added or substitute production of rubber would eliminate the fear that gasoline consumption would be sharply curtailed. Secondly, the new production of rubber might even eliminate the tire rationing program. Both these arguments sound silly to me.

* * *

It will take at least a year before any large amounts of substitute rubber can become available and before then a lot of things can happen.

In case you don't know it, we are still in a war, a war that so far isn't going so well for us. This brings me to another commonly accepted argument that proposes to show that our market is now going higher.

* * *

Any number of market letter writers have recently begun pointing out that our market is now in the same position the London market was right after the retreat from Dunkirk. It has been pointed out, that even if Singapore falls, it would not affect the market anymore than it has already. I expressed the same theory last week. But since then I have changed my mind.

* * *

I'll be frank and admit, that I have few sound reasons on which to base this change; certainly none that I can put down in black and white. Still there is something about this market that doesn't sound true.

* * *

I'll also admit, that I can't see any sharp reaction ahead, but I can see another set back that to all intents and purposes can carry stocks back to at least the lows made in the last week in December. That being the case I see little point in taking on new positions at this time, or for that matter holding on to old positions in the hope that they will escape. It seems to me that the wisest thing would be to liquidate and hold cash for better opportunities.

* * *

If you have bad stocks, you certainly don't want them. If you have good stocks, then you'll be able to buy them back cheaper. In any case a sharp look out for a sudden change in market direction is indicated.

* * *

Two weeks ago I recommended Intercontinental Rubber at just under 7. Last week it crossed 10. Incidentally, this is one of the few companies that has supplies of the substitute rubber on hand. Still, I expect the stock to sink back to about 8 before it starts going again.

* * *

Another stock you are long of is Gulf, Mobile & Ohio, pfd.

(Continued on page 212)

RAILROAD SECURITIES

Despite the outlook for interminable delays in consummation of a reorganization plan, the Chicago, Milwaukee & St. Paul General Mortgage bonds have been among the most buoyant of the rail securities during recent weeks of general strength. When the reorganization plan was turned back by the Circuit Court early in December, the bonds displayed only modest weakness. In the following week, however, all security markets were dominated by the opening of the war with Japan. St. Paul Generals broke about 8 points, selling close to the 1941 lows in this phase. In a month since the establishment of the war market lows the bonds have staged a recovery of some 12 points, an advance of more than 38%, and at the end of last week were selling at the highest levels reached since 1937.

There are two important factors working for strength in these issues. In the first place, and of immediate import, it is expected that a substantial interest payment may be authorized in the near future. In the second place, it is generally expected that if the Circuit Court decision necessitates any changes in provisions of the reorganization plan, the General Mortgage bonds will get more favorable treatment. A larger allocation of new fixed interest bearing bonds would more than compensate for further reorganization delays, particularly if there were evidence that holders might expect some income return in the interim.

It is expected that the application for authority to pay some interest on the bonds will be filed this month, and considering the high level of current and prospective earnings, and the large amount of cash on hand, court authority seems likely. There has been some talk that the request would be for payments based on treatment proposed in the ICC reorganization plan, covering the three years from Jan. 1, 1939, the effective date of the plan.

This hardly seems likely in view of the uncertainties over the status of the plan at this time. Rather, it seems to us that any payments authorized will be on the basis of the actual interest rate on the old bonds, covering a period of perhaps two years. Up to the proposed effective date of the ICC reorganization plan there are five and one-third semi-annual coupons in default on these General Mortgage bonds.

Exclusive of bonds pledged with the RFC, there are $137,788,000 of the General Mortgage bonds, outstanding in five series with coupons ranging from 3½% to 4¾%. Payment of two years' interest on these publicly held bonds would involve a cash outlay of less than $12,000,000. As of the end of last October the company's cash balance was almost three times this amount and will be further bolstered in the coming year. There was a rise of $19,000,000 in cash in the 12 months ended Oct. 31, 1941, and operations this year are expected to hold at least close to those of last year when, it is estimated, old fixed charges were earned about twice. Obviously, maintenance of such a substantial cash balance is not necessary and participation by at least senior bondholders in this prosperity is equitable.

Hopes for eventual better treatment of the bonds in reorganization rest partly on the vast improvement in the company's finances since the plan was first promulgated, and partly on statements contained in the Circuit Court decision. The company has been able to pay off its bank loans in full, has reduced its RFC loans (further reductions are also possible) and should not require any new money as was provided originally. All of these obligations were represented by fixed interest debt in the reorganization, which would presumably be freed for distribution to General Mortgage bondholders without any increase in the debt proposed by the Commission in its report. This hope is bolstered by the statement of the Circuit Court that "There is, however, in our opinion, a serious question presented due to the small percentage of the First Mortgage bonds given to the holders of old General Mortgage bonds. Our suggestion is that if any revision should be made, this percentage might be increased. . ."

At best it seems likely that another two years will elapse before the St. Paul reorganization may be completed. The Circuit Court ruling will be appealed to the Supreme Court and a decision from that body will probably not come through until next Fall. If the Circuit Court is upheld, the whole proceedings will have to go back to the Commission. Even if the Circuit Court is reversed by the higher tribunal, it will not likely mark the end of litigation. The Circuit Court merely ruled that it had insufficient valuation data to determine if the plan is fair and equitable. A reversal by the Supreme Court would mean that the data are sufficient. The Circuit Court would then still have to determine if treatment of various creditor groups is fair and equitable.

Warren Snow, J. McNamara Elected To Directors Bd.

James F. McNamara of New York, mill products sales manager of The International Nickel Company, and Warren H. Snow, president of E. H. Rollins & Sons Incorporated, New York, were elected to the board of directors of Lukens Steel Company at the annual stockholders' meeting held Jan. 13 at Coatesville, Pa., it was announced by Robert W. Wolcott, President of the company.

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, are issuing the current copy of their Over The-Counter Review, copies of which are available upon request.

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—34⅝, low—14¾, last—33⅛.

Bank and Insurance Stocks

This Week — Bank Stocks

The December 31, 1941 statements of New York City banks reveal heavy expansion in earning assets for 1941, a halt in the long expansion of deposits, substantially lower excess reserves and moderately better earnings despite provision for higher taxes and other costs, including higher amortization in certain cases.

The expansion in earning assets yet small decline in deposits probably constitute the feature of the 1941 statements. On Oct. 22, 1941, earning assets reached a new high record of $12,356,000,000 and closed the year higher by $1,861,000,000 (18%). Of this expansion, Government securities contributed $1,126,000,000; other securities, $84,000,000; and loans, $651,000,000.

The year's expansion in commercial loans alone was $636,000,000 (35%), enabling total commercial loans to reach the highest point in about a decade. In fact "other loans" (all loans except security loans) stood at $3,258,000,000 Dec. 31, 1941, compared with $3,202,000,000 at the 1929 peak.

By contrast with this expansion in earning assets, gross deposits declined $49,000,000 (about 1/3 of 1%) for 1941, the decline in the fourth quarter alone being $420,000,000 (3%). In view of the fundamental that every bank purchase of a bond or extension of a loan, so long as it is not to another bank, creates deposits, a loss in deposits to other districts is indicated. This is confirmed by the closer correlation in expansion of earning assets and deposits for the member banks in 100 cities other than New York ($2,133,000,000 expansion in deposits against $2,542,000,000 upturn in earning assets).

Treasury country-wide spending of funds raised in New York; cessation of large-scale gold imports at New York; and the record increase in circulation are among the reasons for the small 1941 decline in New York deposits, which compares with deposit expansion of $2,600,000,000 in both 1940 and 1939 (20% in 1940 and 25% in 1939).

Since New York City banks have to pay the most in deposit insurance for the lowest insurance of deposits (FDIC assessments are on total deposits), the decline in deposits is not an unwelcome development, as the Treasury will undoubtedly see to it that New York banks are well supplied with excess reserves to support the Defense financing program. Normally, too, such a net outflow of funds from New York would entail higher money rates, but any important change in rates appears out of the question for the duration.

Although, therefore, New York excess reserves were down to $990,000,000 at the year-end (a decline of $2,475,000,000 compared to Dec. 31, 1940, of which the November, 1941 increase in legal reserves took about $500,000,000), it is probable that reserve requirements will be lowered during 1942 to provide additional reserves for the huge war financing program.

Considering the substantial upturn in earning assets, indicated earnings of New York City banks show a rather modest upturn for 1941. Against the upturn in volume, however, higher taxes, salaries and amortization operated to hold down the gain in net to small proportions. Nevertheless, the improvement in net was fairly general.

Of the 27 banks listed below, 22 show higher profits for the fourth quarter of 1941 compared to third quarter of 1941; 16 indicate higher profits for the fourth quarter of 1941 compared to fourth quarter of 1940; and 19 banks (plus one unchanged), show higher profits for full year 1941 compared to full year 1940.

	Indicated Earnings — Quarterly Net — 4th Quar. 1941	3rd Quar. 1941	4th Quar. 1940	Full Year 1941	Full Year 1940	Book Value Dec. 31, '41	Annual Div. Rate
Bankers Trust	$0.85	$0.66	$0.89	$3.12	$2.95	$44.48	$2.00
Bank of N. Y.	6.13	4.48	6.34	20.05	17.61	341.85	14.00
Bk. of Manhattan	0.36	0.26	0.35	1.18	1.09	23.73	*0.90
Brooklyn Trust	1.63	1.05	1.58	5.04	5.09	173.40	4.00
Central Hanover	2.51	1.29	2.48	6.31	6.25	93.84	4.00
Chase National	0.69	0.44	0.65	1.96	1.83	32.56	1.40
Chemical	0.73	0.58	0.58	2.43	2.38	39.58	1.80
Commercial Natl.	3.56	2.98	3.20	12.96	11.17	229.92	8.00
Continental	0.25	0.25	0.25	1.01	1.00	21.44	0.80
Corn Exchange	0.83	0.75	†0.37	2.99	4.72	47.28	2.40
Empire Trust	1.14	1.12	0.99	4.55	†11.37	88.02	3.00
Fifth Ave. Bank	22.60	12.89	23.85	59.45	81.05	976.95	24.00
First National	30.00	19.29	32.93	100.58	102.41	1,102.78	80.00
Fulton Trust	3.34	2.20	3.76	10.99	12.26	245.69	*8.50
Grace National	2.16	7.98	1.44	15.11	9.16	256.76	6.00
Guaranty Trust	4.21	3.86	4.28	14.80	14.49	310.52	12.00
Irving Trust	0.19	0.17	0.20	0.70	0.70	20.84	0.60
Kings County Trust	12.84	32.74	12.03	108.73	108.11	1,449.08	80.00
Lawyers Trust	0.29	0.49	0.43	2.08	1.78	50.19	1.40
Manufacturers (a)	1.25	0.23	1.01	2.60	2.82	37.51	2.00
National City (b)	2.16	0.57	1.97	3.55	3.12	32.05	1.00
New York Trust	1.46	1.30	1.25	5.36	5.11	81.77	3.50
Public National	0.71	0.92	0.78	3.29	3.03	45.15	*2.00
Sterling National	4.24	0.21	1.79	4.99	2.45	66.94	----
Title Guar. & Trust	†0.20	0.20	0.11	†0.74	†1.95	14.34	----
Underwriters Trust	1.91	0.18	6.89	7.92	17.22	205.23	4.00
U. S. Trust	23.23	15.29	25.35	72.11	71.63	1,545.15	*70.00

*Including extra. †Deficit. (a) Operating earnings, officially reported. (b) Including City Bank Farmers Trust Co.

The improvement in net was also held down by decline in average return on earning assets where average maturities of portfolio securities were shortened. This also operated to increase the amortization charge against earnings, as the pace of amortization of premium on a 5-year maturity is obviously twice as quick as that on a 10-year maturity.

From a stockholder point of view, the most important question for 1942 is: will dividends be maintained? Based on the above indicated earnings, a group of 16 leading banks earned $89,000,000 for 1941, compared to current dividend rates aggregating $62,000,000, or 70% of earnings.

This is a fairly good coverage, but whether it will be maintained in 1942 depends on (1) The extent of the increase in costs, particularly taxes; (2) the yields placed on new issues of Government securities, which will be the principal determinant of sustained gross; and (3) the conservatism of individual boards of directors in deciding whether or not to reduce dividends if the ratio of "ploughed back" earnings declines below the desired point.

Seeger With G. W. John

Jacob Seeger, formerly with Newborg & Co., Bond & Mortgage Guarantee Co. and the State Mortgage Commission, is now associated with G. W. John & Co., Inc., 80 Broad Street, New York City, in the firm's real estate and mortgage department.

Sparrow In Boston

(Special to The Financial Chronicle)

BOSTON, MASS. — Frederick Sparrow has formed Frederick Sparrow & Co. to engage in a general securities business from offices at 82 Devonshire Street. In the past Mr. Sparrow was associated with Arthur Perry & Co.

REPUBLIC OF CHILE

Notice to Holders of Dollar Bonds of the Republic of Chile, Mortgage Bank of Chile, Water Company of Valparaiso, City of Santiago, and Chilean Consolidated Municipal Loan

On and after February 1, 1942, in accordance with the provisions of Law No. 5580 of January 31, 1935 as regulated by Decree No. 1730 of May 17, 1938 and Decree No. 37 of January 4, 1936 of the Republic of Chile (which decrees are now consolidated into Decree No. 3837 of October 24, 1938) and decrees issued pursuant thereto, **holders of assented bonds of any of the above loans will be entitled to a payment at the rate of $15.58 per $1,000 bond against presentation and surrender for cancellation of the two stamped coupons corresponding to said payment as set forth in letter of transmittal.**

The above payment will be made only in respect of bonds and coupons which have been stamped with appropriate legends to indicate that they have assented to the provisions of the aforesaid Law and Decrees (hereinafter referred to as the "Plan").

In the case of bonds which have been so stamped on or after October 24, 1938, the presently announced payment will be made against presentation and surrender for cancellation of the two stamped coupons corresponding to said payment under the Plan and the bonds need not be presented.

In the case of bonds of the above issues which have not assented to the Plan, said payment will be made against presentation of the bonds with all unpaid coupons attached for stamping to evidence their assent to the Plan on or before December 31, 1942.

A more detailed notice concerning the presently announced payment will be furnished with form letters of transmittal.

Presentation of stamped coupons in order to receive the presently announced payment at the rate of $15.58 per $1,000 bond, and presentation of bonds with appurtenant coupons for stamping, should be made at the office of the correspondent of the undersigned in New York City, **Schroder Trust Company, Trust Department, 48 Wall Street, New York, N. Y.,** together with an appropriate letter of transmittal. Letters of transmittal, and in the case of dollar bonds of the City of Santiago and the Consolidated Municipal Loan copies of the Prospectus, may be obtained at the office of said correspondent.

When requesting letters of transmittal, kindly indicate whether the letter of transmittal is to be used in connection with the presentation for payment of coupons which have already been stamped, or in connection with the presentation of bonds and coupons which have not been so stamped. In the latter case, kindly indicate whether or not the letter of transmittal is to be used in tendering bonds of the City of Santiago or the Consolidated Municipal Loan.

CAJA AUTÓNOMA DE AMORTIZACIÓN DE LA DEUDA PÚBLICA
(Autonomous Institute for the Amortization of the Public Debt)

ALFONSO FERNÁNDEZ, *Manager* — **ALBERTO CABERO,** *President*

Santiago, Chile, January 15, 1942.

BRITISH-AMERICAN TOBACCO COMPANY LIMITED

NOTICE TO HOLDERS OF STOCK WARRANTS TO BEARER FOR ORDINARY STOCK.

NEW TALONS.

NOTICE IS HEREBY GIVEN that Talon No. 4 with the new sheet of coupons is now available for exchange for Talon No. 3. If the holders of Stock Warrants to Bearer will deposit Talon No. 3 at the company's office, *Westminster House, 7, Millbank, London, S.W.1.*, they will receive in exchange the new Talon (No. 4) with a supply of coupons attached. The directors will normally accept Talon No. 3 as prima facie evidence of ownership of the relative Stock Warrant but they reserve the right in any case, if they think fit, to call for the production of the relative Stock Warrant.

A declaration, in the prescribed form, as to non-enemy ownership must be lodged with Talon No. 3.

Listing forms which should accompany the Talons may be obtained from the company's office, 7, Millbank, London, S.W.1., or from the Guaranty Trust Company of New York, 140 Broadway, New York.

For the benefit of stockholders whose Talons are held in America a scheme has been devised whereby, if Talon No. 3 is deposited with the Guaranty Trust Company of New York at its office at 140 Broadway, New York, future dividends payable in respect of the Stock Warrant from which such Talon has been detached will (subject to Government regulations) be paid as and when they are declared, and the actual exchange of Talons will be postponed until after the cessation of hostilities thus avoiding the exceptional risks of loss in transit and heavy insurance expenses which would be entailed by the transhipment of the Talons under existing conditions.

All holders of Stock Warrants to Bearer in America who wish to avail themselves of this scheme are requested to communicate with the Guaranty Trust Company of New York, 140 Broadway, New York, who will furnish full particulars of the procedure to be adopted.

BY ORDER,
E. A. BLOCKLEY,
Secretary.

Rusham House,
Whitehall Lane,
Egham, Surrey.
31st December, 1941.

DIVIDEND NOTICES

At a meeting of the Directors held January 7, 1942, it was decided to recommend to stockholders at the annual meeting fixed to be held February 2, 1942, payment on February 12, 1942, of Final Dividend of Three Pence for each One Pound of Ordinary Stock free of British Income Tax upon the issued Ordinary Stock.

Net profits for the year after deducting all charges and expenses for management, etc., and providing for taxation are £4,087,364/12/7 as against £4,865,441/16/7 for the previous year. After paying Final Dividend amounting to £293,972/0/3 the carry forward will be £2,338,156/15/10.

Directors have decided to pay on February 12, 1942, Interim Dividend of Five Pence for each One Pound of Ordinary Stock for the current year on the issued Ordinary Stock of the Company free of British Income Tax.

Transfers received up to January 9, 1942, will be in time to enable transferees to receive dividends.

As regards Bearer Warrants the two above dividends will be paid together against the deposit of one coupon only namely No. 188.

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED
January 7, 1942

Boston, Mass., Jan. 14, 1942

At a regular meeting of the Board of Directors of **The First Boston Corporation** held on January 14, 1942, a dividend of 30 cents per share was declared on the capital stock of the Corporation payable January 31, 1942 to stockholders of record as of the close of business on January 24, 1942.

JOHN C. MONTGOMERY,
Vice President & Treasurer.

HOMESTAKE MINING COMPANY
Dividend No. 819

The Board of Directors has declared dividend No. 819 of thirty-seven and one-half cents ($.37½) per share of $12.50 par value Capital Stock, payable January 26, 1942 to stockholders of record 3:00 o'clock P. M. January 20, 1942.

Checks will be mailed by Irving Trust Company, Dividend Disbursing Agent.

R. A. CLARK, Secretary.

January 6, 1942.

L. S. & F. B. Wetzel With Bankers Bond & Securities

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Leland S. and Forest B. Wetzel, formerly officers of Wetzel Investment Co. of Clayton, Missouri, have become associated with Bankers Bond and Securities Co., 418 Olive Street.

Investment Trusts

The "average" investment trust decidedly outperformed the Dow Jones Industrial Average in 1941. Twenty-three out of twenty-five representative trusts bettered the record of the "Industrials" for the year.

While the Dow Jones Industrial Average declined from 131.13 at the close of 1940 to 110.96 at the close of 1941—a loss which, after crediting the "Average" with 5% dividends, amounted to 10.3% — the twenty-five trusts turned in performances ranging from a loss of only 0.1% to a loss of only 11.2%, adjusted for dividends, and an average for the group of 7.1%.

Some unthinking investors seem to feel that investment funds should turn in results as spectacular as that of the occasional speculation that happens to live up to its promise. Undoubtedly this notion was fostered by early sales claims of the trusts when investment companies were in their infancy in this country. Such results are not claimed by the sponsors today, and nothing could be farther from the truth.

A soundly diversified portfolio cannot produce spectacular profits. But neither is it subject to disastrous losses—to completely lose one of fifty equally represented issues means a loss of only 2% of the entire portfolio.

A diversified portfolio does assure "average" results—and only 1 out of every 3 individual stocks does as well. The buyer of one stock stands a 2 to 1 chance of doing worse than the average—and, conversely, has only 1 chance in 3 of doing better or even as well. The buyer of a diversified portfolio on the other hand is taking a sure thing—he is certain of doing approximately as well as the average.

When to diversified portfolio is added professional management, the buyer is entitled to expect results better than the average. Not spectacularly better, and not even *always* better, but results which at no time should be particularly worse, and over a period of years should be appreciably better than the usual average.

This, basically, is the position of the investment trust buyer. He is making a conservative investment in an expertly managed, diversified portfolio. He pays a small fee for the management and he expects results. Unless he misunderstands the diversification principle, he gets the results he expects, too. Look at the 1941 record again—only two of the twenty-five trusts were below the Dow Jones Average—one 0.2% below and the other 0.8% below.

Investment Company Briefs

"1941 was the third successive year of rising corporate earnings and dividends, and falling prices for their stocks.

"On Dec. 31, 1941, the Dow-Jones Industrial Common Stock Average was at the lowest year-end level in seven years. The Dow-Jones Utility Stock Average had its lowest year-end close in the 13 years it has been computed. (At the end of 1932, the Utility Average was 27.50 compared with 14.02 at the end of 1941.) The Dow-Jones Railroad Stock Average had its lowest year-end close in the entire 45 years in which it has been computed. (At the end of 1932, the Rail Average was 25.90 compared with 25.42 at the end of 1941.)" . . . from *Selections*, Selected Investments Company, sponsors of Selected American Shares, Inc.

On Medium Grade Bonds:

"In the first place, medium-grade bonds share in certain advantages common to bonds in general. Outstanding among these is the fact that interest is a corporate expense chargeable before income and excess profits taxes.

The higher these taxes become—and war has virtually assured substantial increases—the greater the bond advantage. Although corporate income after such taxes may be reduced, income before taxes is in general likely to remain high or rise further during the war period." . . .

Henry J. Simonson, Jr.
President of National Securities and Research Corporation as quoted by the "New York Times", Jan. 2, 1942.

Mr. Simonson goes on to point out that while high-grade bonds are substantially at their all-time highs, medium grade bonds did not follow them to the peak—the high grades have drawn away from the medium grades in yield. On the other hand, he cautions that not just any bond is a good buy purely because it is classed as medium grade. Proper selection is as important as ever, if not more so.

The Board of Directors of Dividend Shares, Inc. has declared a quarterly dividend at the rate of two and two tenths cents ($.022) per share, payable Feb. 1, 1942 to stockholders of record on Jan. 15, 1942.

This dividend, which is derived entirely from net investment income received during the three months ended Jan. 15, 1942, is 10% larger than the payment on the same quarter of 1941 reflecting the materially greater year-end distributions on many stocks owned by Dividend Shares.

The current distribution is the thirty-eighth consecutive quarterly dividend to be paid since Dividend Shares was incorporated in 1932. Total dividends paid since incorporation—partly derived from net profits on securities sold—including this payment, will exceed $18,000,000.

Investment Company Reports

New York Stocks, Inc.—Six Months Ending Nov. 30, 1941.

The net asset value of New York Stocks on Nov. 30 was $6,400,179. Net operating income for the six months exclusive of security profits and losses amounted to $205,424.38. Distributions totaled $182,072.72. Dividend payments for the period were increased over last year in fifteen of the twenty industrial series, one was unchanged and four showed decreases. The decreases were small in each instance, while several of the increases were substantial. The greatest improvement, generally, was in the heavy industries groups.

Hugh W. Long, President, said in the accompanying letter to stockholders:

"The prospects of the various classes of American industry always differ. Today those differences are accentuated by scarcities, priorities, tax positions and all the problems arising from war and its demands. Some industries will prosper under war conditions—even after paying necessarily heavy taxes.

"In our opinion, stock prices at the time of this writing represent shock rather than reasoned judgment. Your management believes that investment in carefully selected equity securities of favorably situated industries should be maintained and plans to apply that belief in the operation of your Corporation's investments."

Eaton & Howard Balanced Fund—Dec. 31, 1941.

Net asset value of Eaton & Howard Balanced Fund on Dec. 31, 1941 was $15.57 per share compared with $317.44 per share on June 30, 1941, and $17.61 per share on Dec. 31, 1940. Shares outstanding increased from 185,066 at the beginning of the year to 222,805 at the year-end.

On Dec. 31, 1941, 6.5% of net assets was held in cash, 26.1% was invested in bonds, 27.7% in preferred stocks and 39.7% in common stocks.

Eaton & Howard Stock Fund—Dec. 31, 1941.

Net asset value of Eaton & Howard Stock Fund on Dec. 31, 1941, was $9.05 per share compared with $10.32 per share on June 30, 1941, and $10.68 per share on Dec. 31, 1940.

Lehman Corporation — Dec. 31, 1941.

Net asset value of approximately $26.74 per share on the 1,988,277 shares of stock outstanding in the hands of the public was disclosed today by the report of The Lehman Corporation for the half year ended Dec. 31, 1941. As of June 30, 1941, net asset value was $28.77. Robert Lehman, President, in his letter to stockholders, also reveals that the Corporation resumed the purchase of its own shares in the open market during the past quarter, having re-acquired 15,100 shares at an average price of approximately $19.72 per share.

Interest earned and dividends for the six months ended Dec. 31, 1941 amounted to $1,871,490, compared with $1,685,127 in the corresponding period of the previous year. After operating expenses of $241,156 and provision for Federal income tax of $30,000, net ordinary income amounted to $1,600,333, as compared with $1,377,250 in the comparable last half year. Net realized loss on investments for the 6 months amounted to $607,701. The net unrealized depreciation of the Corporation's assets on Dec. 31, 1941 was $11,298,053, as compared with $7,134,294 on June 30, 1941.

Ohio "Over-Counters"

William J. Mericka & Co., Inc. have prepared a booklet of quotations on Ohio over-the-counter securities as of Jan. 2, 1942. This booklet, listing approximately two thousand issues local to the State of Ohio, has been prepared by William J. Mericka & Co. since 1931 and is of particular value to trust officers, financial advisers and over-the-counter dealers for the purpose of obtaining year-end quotations. Copies may be had upon request through either the company's Cleveland office, Union Commerce Building, or the New York office, 29 Broadway.

Charles P. Nelson Joins D. E. Arries Co. Staff

TAMPA, FLA.—Mr. Charles P. Nelson, for the past year connected with The Natco Corporation, of Miami, is now associated with D. E. Arries & Company, 415 Tampa Street. Mr. Nelson, prior to his connections in Florida, was with F. L. Dabney & Company, of Boston, and before that was head of his own firm in Boston.

Municipal News & Notes

Undoubtedly we are all aware that the President's budget message of last week carried a recommendation that congressional legislation be enacted to eliminate the tax-exempt feature from future issues of State, municipal and authority obligations. This action came as no surprise to the municipal trade, since our Chief Executive's administration has demonstrated time and again that it was unalterably opposed to tax immunity for such securities and the Treasury has instituted direct action to bring about high court rulings on various authority bonds. The powers-that-be seem to be quite intent upon removing from future flotations the distinguishing characteristic that has long made the municipal bond business a distinct and separate phase of investment banking.

Informed holders of municipal bonds have taken the President's proposal in stride. If the proposal goes through a scarcity value will be attached to tax-exempt bonds now outstanding. This has been evidenced in the tendency towards higher prices in the last several days. If the suggestion to remove the tax-exempt status were extended to issues now outstanding this would be another matter, but the President specified as a "matter of equity" he recommended legislation on future issues. Further assurance for present holders is in the Secretary of the Treasury's consistent pledge that the Treasury will not tax outstanding issues.

Municipalities, however, may not take such a calm view of the outlook as the present investor. It is evident that financing without the tax-exempt privilege will cost more and that municipalities will not be able to rely on this feature to add to the salability of their bonds. While municipalities are expected to try to "beat the gun" and carry out any possible financing before the tax-immunity is discontinued a reasonable view is that any legislation will set an effective date far enough ahead to allow municipalities to adjust their financing plans. Furthermore it can be assumed that the legislation will not be passed for several months after hearings are started.

The municipal investment business appears to face several readjustments, but the immediate outlook is for more intense activity. The supply of tax-exempt obligations would not be exhausted for some time, although it would be diminishing as maturities are replaced with taxable issues. The trading market would be dealing with two types of obligations—the old tax-free issues and the new taxable issues.

If the tax-immunity is removed, municipal obligations eventually will have to compete with other types of bonds on their intrinsic merits. In that event the municipalities may require the machinery of investment banking in even a stronger degree than today.

State Defense Conference Prepares For Fight

In a statement by Austin J. Tobin, Secretary of the Conference on State Defense, it was indicated that finance officers of State and local units in all parts of the country are alert to the situation and are confident Congress will continue to protect them against Federal attempts to seize control of State and municipal financing on the "flimsy pretext of the national emergency."

The Conference reports that recent checks made by local finance officers on their representatives in Congress showed congressional opposition still strong. It was recalled that the Senate defeated the administration proposal by a large majority a year ago, and that the House Ways and Means Committee has never reported on the proposal.

A Treasury proposal to tax only future issues on the basis of revenue was described by the Conference as a "patent farce," since no substantial revenue can be obtained in this manner for many years to come.

Plans already have been formulated, according to the statement for opposition to the administration proposal by the United States Conference of Mayors, the Municipal Finance Officers' Association, the State and Municipal League, the American Association of Attorney Generals and all similar State organizations.

Municipalities Improve Debt Stand, Budgeting In 1941

City finance officials, facing shortages and substitution of materials, impaired staffs and rising wage levels for 1942, left behind them a 1941 record of municipal debt reductions and some developments for improved budgeting and planning, a review by the Municipal Finance Officers Association showed on Tuesday.

Purchasing and salary problems will be intensified in 1942, the Association said, with new budget difficulties bound to occur as large appropriations are requested for civilian defense.

As municipal bond prices reached an all-time high last year, many cities—especially those with callable bonds—rearranged their debt structures to take advantage of lower interest rates. The cities were able to find markets for their bonds in 1941 by paying as little as 1.90% interest.

Pennsylvania cities were brought under a new local government borrowing act embodying most of the features considered desirable by municipal bond authorities.

A number of large cities, including Minneapolis, Hartford and Kansas City, improved or completely overhauled their accounting systems, and smaller cities in Michigan and Wisconsin undertook similar action. Louisville, Portland, Ore., and Rayne, La., were among cities adopting procedures making for uniform accounting practices throughout the various municipal departments.

New laws improving budget safeguards for local governments were adopted in Massachusetts, Oregon and Washington in 1941, while in several other States the scope of budgets was widened to include utilities and special funds formerly omitted.

Two States — Washington and New York—passed laws permitting cities to build up cash reserves or "nest eggs" for permanent capital improvements to be made in the future. California and Oregon already had such laws.

Other highlights in municipal finance during 1941:

Scores of cities sought to make their annual financial reports conform to standards set up by the National Committee on Municipal Accounting, and the publication of easy-to-read summary reports for public consumption was extended.

At least 10 States, among them Texas, Illinois, Colorado and Florida, conducted some kind of in-service training program for municipal finance officers.

New retirement systems for municipal employes were created by Kalamazoo, Mich., Norfolk, Va., and San Jose, Calif. Various proposals were introduced in Congress to extend the scope of the Social Security Act to local government employes but none of the bills received serious consideration.

Legislation was enacted in Indiana, North Carolina, South Dakota, West Virginia and several other States giving municipalities a larger share of State-collected revenues.

Tax Collections In 1942 Will Reach Record

With 1941 setting records in Federal, State and local taxation, the outlook for 1942 points to further new highs in tax collections, Fred A. Eldean, Executive Director of the Tax Foundation, states in a year-end review and forecast.

"While Federal tax collections for the fiscal year ending June, 1942, are expected to exceed $12.6 billions, expenditures for the same period will approach $25,000,000,000, of which approximately $18,000,000,000 will be allocated for war purposes," he states.

"During the year State tax collections reached the highest level yet recorded. Total collections were 7% higher than in 1940, with income taxes up 17%, sales taxes up 9%, and unemployment taxes up 4%. The total collected was in excess of $4.4 billions, Tax Foundation research experts estimate.

"Local governments also enjoyed their highest tax collections since 1930, receiving a total tax revenue estimate at $5,000,000,000. Substantial reduction in taxes by municipalities, counties and other local units should be possible in 1942, for most of them have ended the current year with a surplus.

"During the 1942 fiscal year, unless tax rates are revised downward, State tax revenue is expected to swell to about $4,600,000,000, while local governments will receive approximately $5,200,000,000. Total Federal, State and local expenditures during the fiscal year are estimated by the Tax Foundation at $35,000,000,000, or 36.8% of the national income. Total tax revenues for the three units are expected to reach $22,400,000,000, or 23.5% of the national income."

Trust Funds May Buy Defense Bonds

The Federal Reserve Board announced Monday a decision by the Treasury that common trust funds may be invested in United States defense savings bonds of Series F or G if authorized under the laws of the State where the national bank or other financial institution maintaining the fund is located.

The Federal Reserve Board has decided that the most appropriate basis for valuing United States savings bonds of Series G held in trust funds would be the redemption value at the time of valuation.

Arkansas Road Debt Fund Revenues Deemed Ample

Governor Homer M. Adkins of Arkansas reports that his State is in a stronger financial position than ever before, in spite of tire rationing and the threatened reduction in the use of automobiles and the consumption of gasoline.

"The phenomenal increase in number of motor vehicles of all classifications which have been brought in or purchased within the State by reason of the location of army cantonments, airports, other Governmental agencies, and National Defense industrial plants," he continues, "in my opinion will tend to offset reduction of taxes due to tire rationing, etc. It is my considered opinion that Arkansas will not have to worry about meeting the principal and interest requirements on the new State Highway Refunding Bonds."

N. Y. City Announces Financing

Consequent upon the statement of Comptroller McGoldrick last week that New York City is seeking bids on $50,000,000 bonds, the larger banking and investment houses have been concentrating on suitable tenders. Mr. McGoldrick also reported that this will be the Empire City's last major bond financing "for the duration," but future circumstances may cause a revision of that statement.

The current offering will consist of $32,000,000 of serial bonds and $18,000,000 of assessment bonds, but details as to maturities, etc., have not yet been made known. The date of sale, also, has not been officially set, but Wall Street expects that bids will be considered about Jan. 20. Because of the size of this issue, the number of bids which will be submitted probably will be restricted to not more than two and possibly only one.

The two major syndicates which usually are the principal competitors for city issues, namely, those headed by the Chase National Bank and the National City Bank, respectively, have, in the past, consolidated on issues of $50,000,000 or more. It can be assumed, therefore, that they will join forces on this issue. In the sale of $55,000,000 of city bonds in December, 1940, the consolidated group met competition from a group including C. J. Devine & Co., Bank of the Manhattan Company and others, but whether such a group will be formed this time remains to be seen.

N. Y. City Transit Fare Hike Urged

The proposal put forth early this week by the Committee of Fifteen, that New York City's rapid transit system be put immediately on a self-supporting basis has genuine merit, although it will probably languish indefinitely in the files, as have so many of its predecessors. The Committee is a group headed by Paul Windels, former Corporation Counsel, and composed of representatives of business, industrial, civic and social organizations. It has made a thorough study of rapid transit in a number of cities and it points out that New York and Newark are the only two with five cent fares.

For the most part the recommendation, if adopted, would increase the fare from 5 to 7½ cents, since two tickets or tokens would be sold for 15 cents. In the case of a person who did not want to buy two rides the fare would be 10 cents.

The Committee estimated that the higher fare would yield $45,000,000 annually in new revenue, enough to wipe out the annual deficit of $30,000,000 and provide $8,000,000 for additional maintenance as well as $7,000,000 for a rehabilitation fund which could be used to renovate stations and replace old rolling stock with modern and more economical light-weight cars.

The additional funds from a higher fare, according to the Committee, which also sent copies of its letter to members of the Board of Transportation, would mean a reduction in the real estate tax of 20 points.

City To Save On Housing Projects Financing

New York City, according to an announcement Monday by USHA officials, has made an arrangement whereby much interest money will be saved in connection with financing construction of the $3,200,000 in housing projects now being erected around the metropolis.

Instead of borrowing needed funds from the Housing Authority at rates ranging approximately 2 to 3½%, the city has arranged, it was stated, to obtain the money from private banking institutions at an estimated ½ of 1%. The plan has been used by the city in previous refunding operations.

Detroit Bond Offering Projected

In addition to the New York offering, other new financing plans were accelerated by the new tax threat. The City of Detroit intends to offer for sale in the near future a total of $28,994,500 non-callable serial bonds, maturing from 1943 to 1963, with an average life of 14.9 years. The proceeds will be used to redeem outstanding bonds of an equal amount, which carry an average interest rate of Approximately 4.25%. This refunding, when completed, will end all need for such operations by the city for years to come, with the exception of $4,900,000 in callable bonds, not eligible for refunding under State law at this time. This sale had been tentatively scheduled for the end of January but the City Council on Tuesday failed to approve this offering date.

This practical cleanup of the city's callable bonds should be a definitely constructive factor in the success of the current refunding, as it frees the market of the threat of any immediate increase in the supply of Detroit bonds.

USHA Schedules Note Sales

The United States Housing Authority announced from Washington on Monday that over $84,000,000 of temporary-loan notes will be offered for sale by 28 local housing authorities. Bids for 18 of these loans will be opened on Jan. 20, and for the other issues will be considered on Jan. 27.

The maturities of the various issues range from five to 12 months. They are non-callable, exempt from all Federal taxation and from taxation in most States.

The largest issues to be sold on Jan. 20 include $18,000,000 by Detroit, $11,400,000 by Chicago, $8,500,000 by San Francisco, $5,500,000 by Jersey City, N. J., and $3,200,000 by New York City. On Jan. 27 the sales include $10,000,000 of Los Angeles; $5,500,000, Los Angeles County and $3,120,000 of Denver, Col.

Major Sales Scheduled

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

Jan. 15th (Today)

$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.

Jan. 16th

$1,250,000 Hempstead, N. Y. (Un. Free S. D. No. 16)

A year ago, this district awarded a small issue to Halsey, Stuart & Co., Inc. of New York. Roosevelt & Weigold of New York, was the runner-up.

$1,700,000 Syracuse, N. Y.

In January, 1941, a syndicate headed by the Chemical Bank & Trust Co. of New York, obtained the award of bonds offered at that time, beating out Kidder, Peabody & Co. of New York, and associates.

Jan. 20th

$50,000,000 New York, N. Y.

The city awarded an issue last March to a syndicate headed by the National City Bank of New York. Next highest bid submitted by the Chase National Bank of New York, and associates. For further details on previous financing, refer to article given above.

Jan. 26th

$750,000 Alexandria, Va.

On Jan. 26, 1939, this city sold bonds to Estabrook & Co. of New York, and F. W. Craigie & Co. of Richmond, jointly. Second best offer was entered by Halsey, Stuart & Co., Inc.

Feb. 2nd

$920,000 Baltimore Co., Md.

This twelfth issue of Metropolitan District bonds follows the preceding issue awarded in April, 1941, to a syndicate headed by Shields & Co. of New York. Runner-up in the bidding was the Harris Trust & Savings Bank of Chicago, and associates.

Saxton Installs New Wire

For the convenience of Providence, Rhode Island, dealers, G. A. Saxton & Co., Inc., has established an Enterprise wire between Providence and its Boston office (10 Post Office Square) —Enterprise 7021.

Geo. Gallagher Joins Mutual Life Fin. Dept.

The Mutual Life Insurance Company of New York has announced the appointment of George B. Gallagher as a member of the staff of the Financial Department to assist in contact work with investment dealers regarding the offerings of securities and general market matters.

Mr. Gallagher has been active in many divisions of the investment field for the past 19 years, having first become associated with Brown Brothers & Co. in 1923. Since then, he has been engaged in the investment security business with a number of firms including Bancamerica-Blair Corp., the National City Company, Brown, Harriman, & Co., and Kidder Peabody & Co. With Brown, Harriman & Co., Mr. Gallagher was manager of the firm's bond trading department. Since 1938, he has been associated with the Union Securities Corp., serving this firm and its subsidiary, the Union Corp., in both New York and Philadelphia.

Roger Bourland has been appointed Director of Sales Promotion, effective immediately. Mr. Bourland has been with the company since 1936, and for the past year has been Home Office Supervisor of its Premium Budget Plan.

Real Estate Securities To Yield 10% And Better

Seligman, Lubetkin & Co., Inc., 41 Broad Street, New York City, members of the New York Security Dealers Association, have interesting recommendations and statistics available on sound New York City real estate securities, many of which are priced to yield 10% or better. Information and current recommendations will be sent upon request by Seligman, Lubetkin & Co. The firm has most complete files on over 3,000 real estate issues.

Phila. Traders Will Meet STANY Bowlers

Al Tryder (H. T. Greenwood & Co., Philadelphia) and Bill Conary (B. W. Pizzini & Co., New York City) announce that the bowlers of the Investment Traders Association of Philadelphia and of the Security Traders Association of New York will stage their first battle of the year on Wednesday, Feb. 11. The match will take place in New York and, as on previous occasions, each city will be represented by three five-man teams bowling total pins for three games.

The Philadelphia invasion will be largely by the same tank corps that worked such havoc with STANY last year.

New York will be represented by the 15 regular STANY bowlers having the highest season average up to the time of the match. This leaves only four regular sessions for the New York boys at the bottom to push up their averages into the top 15.

Further details of the match and and the victory celebration following will be announced later.

Payment on Chilean Bonds

Holders of assented dollar bonds of the Republic of Chile, Mortgage Bank of Chile, Water Company of Valparaiso, City of Santiago, and Chilean Consolidated Municipal Loan are being notified by the Autonomous Institute for the Amortization of the Public Debt that they will be entitled to a payment at the rate of $15.58 per $1,000 bond against presentation and surrender for cancellation of the two stamped coupons corresponding to this payment.

Payment will be made on and after Feb. 1, 1942 at the office of Schroder Trust Co., trust department, 48 Wall Street, New York City.

Pittsburgh Banker Is Hopeful Of Post-War Era

After presenting an unusually encouraging statement of the conditions and progress of the First National Bank at Pittsburgh for the past year, President Frank F. Brooks expressed his personal belief that if, at the conclusion of the war, our tax program is so planned that new enterprises will be encouraged to start, inflation in post-war prices will be unnecessary. Mr. Brooks feels the curtailment of production and consumption during the war will offer a tremendous pent-up demand for a back-to-normal supply of the merchandise which has been restricted during the conflict.

"Further," says Mr. Brooks, "our plants will have been thoroughly modernized and brought up to date on the latest production methods, new industries are bound to come to the front out of our present search for substitute materials, and some of the war industries will be placed on a firmly established foundation.

"Other countries will necessarily look to us for innumerable products. The destruction of homes, buildings, ships, etc., will take years to replace and the United States, due to our modern manufacturing methods, is a natural seller of all of these products.

"For the duration of the war, the banking industry will devote its energies and resources to the task of protecting America in her hour of peril."

Mr. Brooks reports total earnings for 1941 of $1,466,071.17 or $24.43 per share which was used as follows: dividends of $8.00 a share were paid, $8.11 per share was used for various adjustments of carrying values, and $8.32 was added to the stockholders' equity in the Bank.

Survey Of Bank Earnings

An interesting tabulation of bank earnings for 1941 of leading New York banks has been prepared for distribution by Hoit, Rose & Troster, 74 Trinity Place, New York City. The survey compares earnings for 1941 and 1940 and contains a brief analysis of indicated profits as of Dec. 31, 1941. Copies of the survey may be obtained from Hoit, Rose & Troster upon request.

Over-The-Counter Dealers Must Unite

(Continued from First Page)

the simple reason that the man could instantly understand a list of quotations which set a price on the shares of each individual corporation.

It is indeed heartening to see such wide-spread interest in this problem because we can now rest assured that sooner or later a solution will be found. It is our sincere hope that the unlisted securities dealers will unite in an aggressive business-getting effort, because we sincerely feel that the purpose of the auction markets has been served and that they no longer fill any need in the American economic scheme.

May we offer our congratulations on your timely entrance into this particular problem.—*Kulleck, Wheeler & Co. By Jack Wheeler (Kansas City).*

Ever since the question of commissions became of such importance due to a declining volume of business, it has been my "bone of contention" that the approach to the matter was along the wrong road. It is my personal feeling that commission rates could and should be based on a percentage of dollars involved rather than on a per share basis. In other words, what is wrong with charging commissions on securities on the same basis that commissions are charged on real estate?

Following this trend of thought, I certainly feel that commission rates on listed securities should be on a different basis than commission rates on unlisted securities. The commission rates on listed securities could be uniform whether buying or selling. On unlisted securities they could be fixed at one rate on the sale of securities and on a different rate, presumably a higher rate, on the purchase of securities. When referring to the sale and purchase of securities, I refer to the sale for a customer and the purchase for a customer rather than the sale to or the purchase from.

Following this trend of thought still further, and particularly as it relates to unlisted securities, I would then suggest that all published quotations be "actual" markets rather than "spread" markets. I believe that the closer bid and ask would have a tendency to encourage individuals to look upon this class of security with a greater degree of favor, and it would certainly tend to put brokers, dealers, etc. all in the same category and eliminate the constant feud of a commission broker quoting a market that is detrimental to a dealer in the same security.—*Anonymous (Cleveland).*

For a long while I have been conscious that the "Over-the-Counter dealers must unite," if they are to continue in business or to give the type of service expected of them. Consequently, I feel that your editorial of Dec. 18 last, on that subject and subsequent comment by your readers, is very timely.

Recently a local newspaper carrying NASD quotations quoted B & O Secured 4% Notes, due Aug. 1, 1944, at 68⅛ bid-69⅛ asked. At the time that quotation appeared we had to pay 70 for the bonds. To meet the paper quotation we would have had to lose $8.75 per bond. It not infrequently occurs that these local quotations show an offering price less than our actual cost on several issues on the same day, which only adds to the multitudinous difficulties encountered by the Over-the-Counter dealer in his quest for business.

The firm that I am associated with is headed by a recognized statistician who has had more than 20 years of training and experience in that department of the business. He has surrounded himself with a group of men, carefully trained, who have had many years of experience in the selection and distribution of sound securities. An issue is never offered by this house until it has had a thorough statistical survey and has been discussed freely in a meeting, where each man may fully express himself. As a consequence of such painstaking care, this organization has not had a single recommendation of the house default, either principal or interest. Should it not appear to the regulatory authorities that this is the type of service to be encouraged and promoted by dealers? If the answer is yes, then they must permit reasonable profits to compensate the dealer organizations who render such services and encourage them to continue to do so.

The list of securities that have our recommendation are checked daily in the various service bulletins to obtain any information that would have a bearing on their present status and future outlook. In addition to that we make two periodic surveys, annually, of each issue belonging to each client, that was acquired on our recommendation. The survey involves days of work in its preparation and compilation and then each sales representative personally contacts each one of his clients and conveys to them the available data, in the survey, that is applicable to each one of their holdings. This in our opinion is a very valuable service, as it is also in the opinion of our customers, they look for it but it consumes a tremendous amount of time, is costly to prepare and render and could not be carried on if our profits continue to be curtailed.

In the state in which we do the greater part of our business two personal property tax returns must be filed annually. Our clients depend upon us to prepare them, therefore prices of all their bonds and stocks must be procured, the taxable and non-taxable issues must be determined and set up on the proper forms and forms must also be prepared by which tax refunds are claimed on certain issues.

We are very proud of our record. We of course desire to continue to render the services to which our clients are accustomed and which are largely responsible for our good record. The house, however, has its operating expenses to meet and must pay its representatives at least a living rate of compensation which is minimized by the amount of time consumed in servicing our accounts. Certainly the service cannot be broadened or improved, even continued if we must suffer a continued diminution of profits. It would therefore appear to me to be in the interest of the investors and should be the aim of the regulatory authorities to encourage rather than discourage conscientious retail organizations to maintain and improve their services, by permitting a fair and sufficient margin of profit to enable them to do so.—*W. H. Fleischman (Philadelphia).*

One of my associates has written the attached (above) letter on the subject of the editorial in your Dec. 18 issue, "Over-the-Counter Dealers Must Unite." He appears to have developed some thoughts on the subject that have not been introduced by others who have contributed comment on your article.

The letter interested me very much, so much so that I decided to write this accompanying letter to state that I fully concur with Mr. Fleischman's statements and views upon the subject and have encouraged him to forward them to you.—*George A. Bailey.*

Your very interesting editorial entitled "Over-the-Counter" Dealers Must Unite" should be vitally important to everyone in the securities business. The views expressed in the many letters that have come into you are most interesting. There is, however, one important phase of the problem of small spreads that I believe has been greatly ignored and that is the unfair competition that has existed between member firms and non-member firms as regards acting as agents and principals in the purchase of and the sale of unlisted securities.

There are many member firms, particularly those who do not maintain trading departments, who buy and sell unlisted securities for their clients and act as agents, charging the regular Stock Exchange commission. These firms often execute their orders at wholesales prices and pay little, if any, attention to newspaper prices. It seems unfair, for example, that an investor, because he is a client of a firm who acts as agent should have the privilege of having his order executed at a wholesale price when a client of a firm who is acting as a principal pays a net or retail price.

This writer recently heard of a case where a client of an Over-the-Counter firm bought an unlisted stock at the newspaper price and later stepped into the office of another firm and learned that he could have bought the same stock at the wholesale price plus the Stock Exchange commission. He immediately got "sore" and refused to do any more business with the Over-the-Counter firm. This has happened in many instances. Is it not, therefore, reasonable and sensible that all member firms and non-member firms should unite and put an end to this unfair practice? Why, for instance, should a client be entitled to buy at a wholesale price anyhow? Is there any answer to it?

Certain firms are only interested in acting as agents for their clients and as soon as an order is executed they are through and do not have any further interest in that particular security. The interest of the Over-the-Counter firm, who is acting as principal in the transaction, is vastly different for he may have a position in the stock upon which he desires to make a reasonable profit and must maintain a retail price to his clients. Is it not possible for Over-the-Counter dealers to have list prices such as is done among automobile dealers and department stores?

This unfair situation has existed for many years and has undoubtedly always had a bad effect as regards the Over-the-Counter market in this writer's opinion.

If all security dealers, member and non-member alike, could unite and work out a plan whereby this unfair practice could be put to an end and their clients could only buy and sell at retail prices, "spreads" could not only be made larger, the margin of profit for the dealer increased but it would considerably help dealers to keep the confidence and business of their customers.—*Anonymous (New York City).*

We have been reading with vast interest the various letters of other dealers in your article headed "Over-the-Counter Dealers Must Unite."

Evidently one big thing has been overlooked, and it is rather amusing to see the dealers in N. Y. howling while at the same time they choke their own business at the source.

Here's an example of our experience which has made us more than reluctant to sell Insurance stocks:

After the usual amount of work and expense we are about to clinch a sale of 100 shares Camden Fire at 22¼ which is the asked price published in the N. Y. "Times" of that particular day. We know that we will have to pay about 21¾ for it but are willing to work for $50 gross profit.

However, the client wants a bit of outside advice before he confirms the order and he calls his banker. Bank will not say anything definite in the way of advice but does check the market through a local stock exchange house who has a wire to N. Y. Market comes back to the bank—21⅜-21¾. Result: Exchange house now has order to buy 100 at 21¾ plus regular commission, or client is now sus-

Our Reporter's Report

(Continued from First Page)

perfection for purchase by one, or two, or a group of the wealthier firms.

As one observer pointed out, some $45,000,000 of the outstanding securities which are to be retired, are in the hands of the larger insurance companies.

With the proper approach, it is contended, an underwriting house well-supplied with capital, which could line up the insurance companies involved through their holdings of the old issues, might handle the business readily enough.

If the pledge of the institutional holders of the outstanding bonds could be obtained to take up similar amounts of the projected issue, there would remain a balance of $35,000,000, or substantially less than half the total business to be marketed, not an over-burdensome task in the eyes of students of the market.

Slight Disappointment

The seven to nine-year 2% bond offered by the Treasury for conversion of $1,075,000,000 of outstanding securities, of its own and several governmental agencies, was not fully up to expectations, it appeared today.

The banks, it seems, which are substantial holders of the obligations being retired, were in numerous instances none-too-keen for the bonds. They had more or less expected that Secretary Morgenthau would provide at least a portion of new notes.

In consequence there was considerable feeling around in the market on Monday and Tuesday in an effort to dispose of maturing issues. This resulted in no little arbitrating on the part of dealers who sold old issues, taken from institutions, against purchases of the new bonds.

First Issue of Year

The first new corporate issue of the year, Union Oil Company of California's $15,000,000 of 25-year 3s, brought to market on Tuesday, was accorded a heartening reception.

Considering the fact that it was a straight "new money" undertaking, the manner in which it was received proved cheering to the trade.

There was absolutely no expectation of an "out-the-window" performance here for a number of reasons. Those interested recognized it as a working proposition.

A West Coast undertaking, the U. S.-Japanese conflict in the Pacific naturally was an influence to be overcome. But priced at 99½ to yield slightly better than 3% the issue carried considerable appeal.

Spur to Municipalities

President Roosevelt's proposal that Congress act to make all State and municipal securities issued in the future, subject to Federal taxation was expected to spur the flow of such financing for the near future.

The sudden decision of the City of New York to call for bids for an issue of $50,000,000 in long-term bonds, announced by Comptroller Joseph D. McGoldrick was accepted as a straw-in-the-wind.

While not so stated, it was assumed that the city fathers were anxious to get to market before any such legislation was passed.

The proposed financing will consist of $32,000,000 of serials and $18,000,000 of assessment bonds, and will not add to the current debt since it is designed to fund temporary loans arranged for undertakings already underway.

Schenley Distillers Next

The $27,500,000 undertaking by the Schenley Distillers Corporation, now in registration with the Securities and Exchange Commission, looms as the next issue likely to reach the public offering stage.

Consisting of $10,000,000 of ten-year sinking fund debentures, and $17,500,000 of fifteen-year debentures also carrying sinking fund, it was expected that the business would come on the market some time next week.

Proceeds of the financing will be applied to retirement of the company's banking indebtedness which on Aug. 31 last, aggregated $24,000,000.

JOTTINGS

(Continued from page 204)

istration's chief preoccupations since May 1940 has been that it keep hold of all ultimate authority in defense decisions.

In his Message on the State of the Union, for his arms program, the President apparently took the existing top goals, raised them each a little higher, used that figure for 1942 (thus advancing the date of achievement), and then lifted them substantially again for 1943.

For instance the aircraft goal had been 50,000 planes. The 1941 output was 20,000. So the President said 60,000 for 1942. The tank goal had been 36,000; the President set it at 45,000 for 1942. The merchant shipbuilding goal had been 6,500,000 deadweight tons each for 1942 and 1943. The President lifted it to 8,000,000 for 1942 and 10,000,000 for 1943.

It was excellent propaganda, but obviously had more relation to American than to Axis capacity —as it should have had.

And it probably can be done. As the machine-tool people have been saying, "Funny, you never know what you can do till you try."

Incidentally, it represents only a surprisingly small proportion of the dollar budget totals. If you figure planes at $100,000 apiece, tanks at $25,000, anti-aircraft guns at $10,000 and merchant ships at $200 a deadweight ton, it runs to only about $9 billions for 1942 and $17 billions for 1943, or about a third of the budgeted outlays (adjusting crudely for the difference between calendar and fiscal years). The other two-thirds will presumably go for food, clothing, pay, transportation, and the numerous other essentials, including powder and shell, anti-tank and machine guns, etc.

Most of the increase will have to come through longer plant operation and through conversions. For a new tank or airplane plant it is like a baby—it takes about nine months to bring it to life.

One accelerator to the program which will be of great help but get very little publicity will be through research and invention. Even five years ago the country was spending about $300,000,000 a year for 70,000 employees in 2200 laboratories. The airplane manufacturers were particularly research-minded. These figures are now being vastly expanded and the results are being pooled as never before. They may be as important as, for instance, the methods by which Britain has countered German submarines and night bombings. Particularly revolutionary will be changes in airplane design, in electrical apparatus, and in synthetic organic chemicals.

U. S. Treasury budget calculations must now allow for the growing curtailment of the civilian goods. Already customs revenue is shrinking as Government stock-piling accounts for an increasing proportion of imports. The budget-message showed that the Treasury expects to collect no more from "miscellaneous internal revenue" in the current six months than in the last. "Manufacturers' excise tax" revenues will be particularly hit with the decline in automobile, tire, etc., sales.

Obviously the Administration has given up hope of that goal of covering two-thirds of outlay with taxes. Even with the proposed new taxes, the 1943 budget would be only about 40% covered. But don't confuse the percentage of budget covered by taxes with the percentage of national income diverted to arms. They are entirely different.

Reasons for stock market bullishness: (1) London has been going up since Dunkirk. (2) The stock market can never go up when facing a major question mark but almost always goes up when the question is conclusively answered, no matter what the answer is. Pearl Harbor answered the major 1939-1941 question—"Will we enter the war?"

Miscellaneous . . . The public has apparently already begun to cut its buying. Physical volume of retail sales is little if anything above last year. And the buying retailers say, is shifting toward useful things and away from luxuries. The fur people, for instance, were hard hit . . . The melancholy fact that apparently only the Russians and Chinese seem currently able to cope with the Axis should not be ignored by designers of fancy post-war programs . . . There will be several tax laws this year, not just one . . . The Dutch have so far paid in cash—from rubber, tin, quinine, etc.—for all those Hudsons, Brewster Buffalos, etc., they are now using so well . . . The American merchant fleet on Oct. 1, 1941 had an average of 19.7 years . . . That puts our merchant shipbuilding program in the "It's about time" department.

Uruguay Extends Time for Exchange Dollar Bonds

Juan Carlos Blanco, Ambassador of Uruguay to the United States, is notifying holders of dollar bonds of the Republic of Uruguay that the Republic is extending the period for exchange of these bonds for new readjustment bonds. This offer will remain open until such date as may be hereafter announced.

Holders of external debt 5% gold bonds of 1915, dated Jan. 1, 1916 desiring to exchange their bonds should present them to The Chase National Bank of the City of New York, 11 Broad Street.

Holders of 25-year 8% sinking fund external loan gold bonds dated Aug. 1, 1921, due Aug. 1, 1946, should present their bonds to The National City Bank of New York, 20 Exchange Place.

Holders of 6% external sinking fund gold bonds, dated May 1, 1926, due May 1, 1960 and 6% external sinking fund gold bonds, public works loan, dated May 1, 1930, due May 1, 1964, should present their bonds to Hallgarten & Co., 44 Wall Street, New York or to Halsey, Stuart & Co., Inc., 201 South LaSalle Street, Chicago.

A. W. Lind To Be Partner

Albert W. Lind will become partner in Sterling, Grace & Co., members of the New York Stock Exchange, 50 Broad Street, New York City, as of Feb. 1.

picious and peeved at us and no one gets an order. In either case we are out in the cold and our work has come to naught.

This is not an isolated case and it applies to all types of securities actively traded in the N. Y. unlisted market. We have no ready-made remedy on hand to suggest, but we believe that the NASD should begin to ponder over this angle.—*Anonymous (Hagerstown, Md.).*

Tomorrow's Markets Walter Whyte Says—

(Continued from page 205)

You bought it at about 21. Last week it managed to approximate 25. I expect this one to react to about 22 or 22½ before it gets anywhere on the up side again.

* * *

Warner Brothers is another stock you have. This is certainly not a fast mover; however, it has been acting well. I would be tempted to hold this through a reaction, but even there a set back, to say 4, would not be surprising.

* * *

Another stock I advised purchasing last week was American Commercial Alcohol. The price was between 7½ to 8. It didn't get that low. I would not advise chasing it. If you didn't get it, wait for it. You may get it sooner than you think.

* * *

I'm sorry I can't be more optimistic, but that is the picture as I see it today. Perhaps by next week things may change for the better, but until they do, caution is the watchword.

* * *

J. W. Y., Martinsville, Va. Above market advice applies to your stocks as well. If you will write me again in say two weeks or so I may be able to give you specific suggestions regarding the two stocks you mention. I'm glad you like the column.

More next Thursday.

—Walter Whyte.

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

WHISPERINGS

It was one of those days when everything on the tape was active. Stock after stock appeared, hesitated for a short time, then advanced a point or so. Only one stock refused to follow the pack, Standard Brands. It came out frequently enough but every tick was at the same price. Finally **Walter Haggerty**, a trader from away back, apparently long of the stock, glumly observed: "Good old Standard Brands, never goes down, never goes up. A regular Rock of Gibralter."

Wellington (Duke) Hunter, Jr., of Hunter & Company, New York, has left the Street to shift for itself. He is now a full fledged leatherneck in Uncle Sam's Marine Corps. A line addressed to him at Paris Island will be appreciated.

With the United States getting into swing against the Nazis, the Japs and the Fascists, here are a few things you can expect to come out of a war economy: Sugar will be rationed and certain pharmaceuticals. . . . Even second-hand car buyers may have to get permission. And if you have a car you will probably have to put a governor on it so you can't go beyond a certain speed limit. . . . Goods that now come in cans will come in either glass or paper containers. . . . No more platinum in jewelry. . . . No more copper or brass for pipes, screens unless they're for defense industries. . . . You'll be able to get all the candy you want (sugar rationing is to reduce speculation not because of scarcity). . . . Tea and canned fish will be hard to get. . . . Silk will become as precious as jewels. . . . Wool will become scarcer (percentage of virgin wool in clothing you buy will become less and less). . . . Even nylon will be on the rationed list (now being used for parachutes). . . . Soap which contains coconut oil and palm oils, both imported, will be rationed. . . . Pearls (cultured from Japan—real, from Indian Ocean) will be unobtainable. . . . Railroad travel will be cut—priorities. . . . Cobalt, found with nickel deposits, is used in production of paint, glass, linoleum and ink. Shortage of cobalt will cut production of these products. . . . And speaking of ink, its rationing will reduce newsprint . . . another factor is the rationing of chlorine (goes into effect Feb. 1) used in bleaching paper. This will make newsprint, magazines, books, etc., yellower. . . . Salaries will probably also be fixed. . . . New issues may also be cut down. . . . SEC will pass on such new issues which "help defense," others will be sidetracked. . . . No prohibition, despite slowly gaining agitation. OPM has ordered distillers to concentrate on industrial alcohol, but drinking stock on hand is big enough to last five years.

Our own **Ed Beck**, the hail fellow-well-met type (as if you didn't know). The kind who stops and asks you how you feel, and then wacks you on the back, so if you felt all right a second ago, you feel like the wrath of the gods after the wack, stopped a letter carrier in front of his house the other day. "Hy'a Joe! (we think it was Joe). Cold enough for you? See you got the old ear muffs on." The letter carrier looked up. "Yep, pretty cold. I haven't been wearing these ear muffs right along. I was afraid somebody would ask me in for a drink and I wouldn't hear them." P. S. Ed, did the letter carrier get the drink?

According to **newspaper "PM"** ". . . **Emil Schram**, former Chairman of the RFC, now President of the NYSE, left the Government partly because he was bested by Jones (Secretary of Commerce) in a controversy over synthetic rubber. Schram wanted to finance ersatz production on the theory that the East Indian supply was too far away in the troubled Pacific area to be reliable. Jones couldn't see it, pointed out that rubber produced by synthetic methods was more costly than the natural stuff and therefore a bad business risk." . . . The story then goes on to say that Mr. Schram approved the arrangement with the Goodyear Rubber-Phillips Petroleum combine whereby the Government would finance the construction of synthetic rubber plants as long ago as July, 1940. Jones killed it and it wasn't revived until May, 1941.

Earl Rodney contributes the one about the stage director who told a girl in the cast he was rehearsing, "I'm a man of a few words. When I point at you, that means you are to come to me." . . . "O. K.," replied the actress. "But when I shake my head, that means I ain't gonna do it."

Connecticut Light Pfd. Oversubscribed

Putnam & Co., on behalf of the underwriting syndicate, announce that subscriptions have been received on the offering of Connecticut Light and Power Company preferred stock in excess of the amount reserved for selected dealers. Inasmuch as the exchange of stock to old holders is not closed the selling books are being kept open for further subscriptions of cash stock.

The banking syndicate headed by Putnam & Co., Chas. W. Scranton & Co. and Estabrook & Co., on Jan. 13 offered a new issue of 336,088 shares of cumulative preferred stock, without par value (stated value $50 a share) of The Connecticut Light and Power Co. The stock was priced to the public at $52 per share. The offering consists of 136,088 shares of $2.40 cumulative preferred stock which is offered to holders of the 68,044 presently outstanding 5½% preferred shares, $100 par value, on the basis of two shares of new stock in exchange for each old share, and 200,000 shares of $2.20 cumulative preferred stock, plus an additional amount equal to twice the number of 5½% preferred shares not exchanged for new stock, which was offered to the public. On March 1, 1942, all shares of the present preferred stock not surrendered for exchange will be called for redemption at $112 per share plus the quarterly dividend due on that date.

Proceeds to the company will be used to retire all of the presently outstanding 5½% cumulative preferred stock and to raise approximately $10,000,000 for expansion of present facilities principally occasioned by the installation of two 45,000 kilowatt generating units at the Devon plant, one of the company's principal base load stations.

The consolidated earnings statement of the company and subsidiaries for the 10 months ended Oct. 31, 1941, shows net income transferred to surplus of $3,146,054, compared with $4,083,206 for the full year 1940 and $4,167,447 in 1939.

UP-TOWN AFTER 3

NEW MOVIES

"Son of Fury" (20th-Fox), with Tyrone Power, Gene Tierney, George Sanders, Frances Farmer and others. Directed by John Cromwell. Story based on novel "Benjamin Blake" by Edison Marshall.

An excellent movie about a bound servant who actually is the rightful heir to the title and estates of Sir Arthur Blake who plots to rob him of his birthright. Set in England of the 18th century it describes the plight of the common people and the power of life and death the rich and powerful had over them. Tyrone Power as the nameless stable boy is the bound servant of Sir Arthur who has him on his estate to see that he does no talking. The boy grows up hating and planning revenge on his uncle but between his hates he falls in love with Frances Farmer, Sir Arthur's daughter. When discovered, Sir Arthur gives him what for with a whip, and the boy runs off and stows away on a ship headed for the Indies. He and a shipmate jump the vessel at an uncharted island in the South Pacific, make friends of the natives, find pearls as big as walnuts and meet beautiful native girls headed by Gene Tierney. Miss Tierney may not be much of an actress (see "Shanghai Gesture") but in a sarong she out-Lamours the much publicised Dorothy Lamour. And when she does a kind of a dance, you know what I mean, one of those boom, boom, BOOM, things, well Tyrone Power is a half wit for wanting to go back to Merrie Olde England. But go back he does and runs right smack into his old love, Sir Arthur's daughter, who promptly gives him away. Why, is never explained, she seemed to like him all along. Still, for the purpose of getting him back to the arms of Gene Tierney, I suppose somebody had to be the heavy. In any case the impetuous Tyrone is caught, tried, and about to be sentenced to be hung when the applecart is upset. How it's done you'll have to see for yourself. In any case he gets hunk with his thieving uncle (there are some swell fight scenes) repays all his friends and sails back to his island paradise and his love Gene Tierney, where it is assumed they live happily forever after.

"Mr. & Mrs. North" (MGM), with Gracie Allen, William Post, Jr., Paul Kelly and others. Directed by Robert B. Sinclair.

An occasionally amusing, but mostly dull story about a couple who become involved in a series of murders. Most of the picture is given over to the antics and sometimes laughable naivette of Gracie Allen. Still a little of Gracie Allen can go a long way. On the radio the remarks of Gracie can be funny. On the screen they become tiresome, particularly when there is little else to distract your attention. In any case there is a brush salesman, a district attorney, a simpering detective and a lot of other people who wander through the story leaving all kinds of clues behind. The whole thing was confusing to everybody including your reporter.

NIGHT LIFE IN NEW YORK

Since the war the gay spots around the city have been anything but gay. Last Friday was the first night since New Year's Eve that people began leaning against their favorite bars to discuss the grand strategy of the war with bartenders. At the **Penthouse Club**, which in case you don't know is run by the ex-President of the Erie Railroad, I ran into **Bill Rosenbaum (William Rosenbaum & Co.)** members, who between liquid refreshments advised that business was grand. At **Fefe's Monte Carlo** I ran into **Morris Newburger (Newburger & Loeb)**, Mrs. Newburger, and an officer in the Army, who was with them but said he couldn't take more than two drinks, at least not while he was in uniform. While Morris was explaining about a certain show he and his wife had seen **Frank (bring-'em-back-alive) Buck** entered, minus even a tame pussy cat. Right away I thought about how I had promised my son to get him Frank Buck's autograph but just as I was about to make the request my attention was diverted by a game of gin rummy between **Dolly deMihlo**, society registerite and Monte Carlo publicist and **Eckert Goodman**, the Town & County scribe. Not knowing a thing about the game but anxious to make a noise like a kibitzer I joined in. When after getting the bum's rush I wandered back to **Mr. & Mrs. Newburger, and the Frank Bucks**, I found they were getting ready to leave. So there I was like the dog who dropped the bone to snap at a shadow. I didn't learn how to play gin rummy and I never got the autograph. Ho-hum! Out into the night and the snow coming down blanketing everything. Ran into **Sidney Rogers** who does something about mortgages for the Prudential Insurance people. He explained his being out at that hour by saying he was going to work. Does something for the War Department during the wee-wee hours.

J. Bunn Now Trading Mgr. For Stifel, Nicolaus Co.

ST. LOUIS, MO.—Stifel, Nicolaus & Co., Inc., 314 North Broadway, announce that John W. Bunn has been appointed manager of the trading department. Mr. Bunn has been with the firm for a number of years, and in the trading department for the past two years. Mr. Lougeay, formerly trading manager, is no longer connected with the firm.

Our Reporter On Governments

(Continued from first page)

to withdrawals by individuals investing their savings in defense bonds at 2.9% return. . . .

The insurance companies are going to be big buyers of Governments, of course, but the billion to two billion securities they can buy in any one year will not suffice. . . .

The commercial banks continue as the important buyers of Governments and the important point here is that Secretary Morgenthau and Reserve Chief Eccles can expend the banks' purchasing power by a stroke of the pen at any time (lowering reserve requirements, for instance). . . .

This, too, was emphasized by the refunding deal. . . .

The Next Borrowing

When will the Treasury be back for more cash?

This is a guess. . . . But the chances are Morgenthau will ask for money through open market channels in February. . . . The middle of next month, in all probability. . . .

The pace of defense bond sales will be the determining factor here and present indications are sales in January may total $1,000,000,000. . . . That's a tremendous figure, an out-on-the-limb forecast, surpassing any others made so far. . . . But this is January, the month for re-investment by trust funds, wealthy estates, etc. . . . This is the month of intensive publicity for the drive. . . . In the first five days of the month, $145,000,000 defense bonds and stamps were sold. . . .

The billion-dollar mark doesn't seem so preposterous in view of these factors. . . .

But, regardless. . . . With the budget figures in the astronomical realm, with spending rising every day, it's to be expected that Morgenthau will hesitate to "shave it close." . . .

Thus while he probably will be able to hold off until March, if he wishes or if the market so dictates, he'll prefer to finance in February and to get the funds before he's pressed for them. . . .

For a hint at the spending rate, notice the Federal Reserve System's weekly statement for the week ended Jan. 7. . . . The Treasury's deposits with the Federal Reserve Banks sank $204,000,000 to $663,000,000 in that seven-day period. . . . (Incidentally, that development helped boost excess reserves for the member banks $300,000,000 in the week.) . . .

So let's say February and let's figure on another long-term bond, aimed at the "permanent" investors. . . . For the Treasury is still intent on its re-distribution of the debt plan, even if it has to and knows it has to compromise somewhat because of the emergency. . . .

Tax-Exemption

And now we come to the big story of the day—the question of taxes. . . .

There's every reason to believe that the Government will accomplish its objective of eliminating the tax-exemption feature on future issues of State and municipal securities within the next few months. . . . Therein, by the way, lies the reason for the haste of several municipalities—notably New York City—to get their last war-time borrowings out of the way. . . . Getting "under the wire," so to speak. . . .

But eliminating the exemption on outstanding issues is another matter entirely. . . . A matter calling for invasions into the field of constitutional law and into the realm of ethics that unquestionably will cause much delay. . . . Maybe the Treasury will find a way to "nullify" the exemption privilege by 1943 or 1944. . . .

Surely, you would be wise to expect moves designed to make the tax-exemption clauses less valuable. . . . But removal of the full exemption in the near future?

That's unlikely. . . .

And this accounts for the definite increase in switches from taxables to tax-exempts in recent weeks. . . . For the moves from the long-term taxables to longest-term exempts, from the "preliminary refunding" of the recently called issues by major institutions. . . .

Before the Treasury tries an obvious move to remove the exemption feature on outstanding Government issues, it's likely that a general sales tax will be attempted. . . . It's likely that various subtle changes will be made in the normal vs. the surtax ratios (changing the surtax figure is the best way to get at the tax-exempts without direct action, of course). . . .

Since we may expect the tax-exempts will continue fairly free from tampering for at least another six months or a year, the tax-exempt list appears especially attractive in comparison with the taxables at this time. . . .

Income vs. Maturity

Another angle deserving your consideration now is that involving your basic policy of maturity distribution as against income. . . .

These points appear obvious:

(1) The commercial banks and other major investors in Government issues are not going to be allowed to sell their holdings at will. . . . Liquidation on any scale disturbing to the market will be frowned upon and (that's putting it gently). . . .

(2) The banks and other major investors are going to be expected to buy huge amounts of Government bonds this coming year. . . . To buy more than they purchased in 1941, for instance, and that total ran close to $3,000,000,000 for the member banks alone. . . .

(3) The bank's aren't going to want to sell bonds—for patriotic reasons alone. . . .

(4) Savings banks will become less important as purchasers, so commercial banks will have to replace them. . . .

Now what does that mean to your policy?

To this observer, it means that you might as well get the most you can out of your holdings. . . . The best yield possible. . . . The most income available. . . .

Maturity becomes less and less important as you consider you must hold the bonds for an indefinite period, anyway. . . .

Income appears more and more important as you realize you no longer can buy and sell at will and only your total holdings interest the Government. . . .

In the '20s, it was possible at times to sell long-terms and buy short-terms to increase your total yield. . . . Not that we wish to forecast this again, but following income rather than maturity would seem a wise—and yet properly aggressive—policy at the moment. . . .

Inside The Market

Savings banks already are beginning to lose deposits and will lose more as depositors recognize the difference between interest of 1½% and 2.9% and fall under the spell of an intensive sales drive. . . .

Wall Street believes President Roosevelt set the budget figures as high as his imagination would permit. . . . But spending the money is some thing else again. . . .

Open market borrowings every other month appear to be scheduled.

Morgenthau "hit it close" this time with refunding debt only a week before redemption date. . . .

The Securities Salesman's Corner

WORK IS NINE-TENTHS GETTING STARTED

Did you ever watch a train pull out of a station? If you did, you'll remember how the engine huffed and puffed and how the wheels spun round and round. Then the engineer released the sand which poured onto the tracks and the driving shafts drove the wheels faster and faster until the train was only a vanishing object far in the distance. "Getting started" doing your day's work is similar to this analogy. The greatest amount of effort expended by the locomotive was during the first 100 feet of its "pull" from a dead start.

Boiled down to fundamentals, there seems to be a certain law which applies to both mental and physical effort. If you want to test this out to your own satisfaction review what happens to your own mental and physical condition when you awake in the morning. The hardest job is "to get your first foot on the floor." After that the procedure of scrubbing your teeth and removing the stubble becomes more or less automatic. By the time you've got your shirt on you have forgotten to consider how difficult it was to get out of a nice warm bed—you're on your way!

Work is more or less a habit. Once you get started half the battle is won. There seems to be a direct relationship between the amount of effort necessary to make your first two calls and the ease with which you will make your last call of the day. Besides, the day in which you put forth the greatest amount of constructive, purposeful effort, is also going to leave you with the most personal satisfaction when your work is done. Your mind will function more clearly, your interviews will be smoother, and as a natural result of increased efficiency and more consistent work, the results accomplished will therefore be more satisfactory.

There is one "aid in getting started" that should be of some assistance to any salesman who has trouble with this problem today. The suggestion we would make is this—try sort of a mental "warm-up" before you attempt your first call of the day. Sit down with your pencil and paper and plan the day. First map out your calls, route yourself, add a few extra stops (just to be obstinate) and because you really don't feel like working after all. Then deliberately close your mind to all outside influences. This can be done if you try to do so. Next, say something like this to yourself, "Here goes!" "Just because I don't feel like it I am going to finish one of the best day's work I've ever accomplished. What will happen tomorrow, I am not concerned about. Yesterday and its hopes and errors is passed. Today is the only day I know about and as long as this is my job I am going to do it."

It may sound silly to suggest such a stunt as this. But it will help you if you try it and the reason we've written about this subject is that we believe that every salesman (especially today) needs to give himself such a boost once in a while. Try such a good hard, enthusiastic, day's work tomorrow. See if it doesn't work out to your advantage.

Watch what happens if you can keep it up for a few weeks stretch. It can't hurt your volume of business nor your commission account, and the day's work will surely be more pleasant and enjoyable. After all "work" should be pleasant, it should give more than just a piece of bread to any man who has the initiative and imagination to choose "selling" as his profession. Life's just too short for any other way.

NASD Meeting To Elect Officers; Plan Program

Representatives of underwriters, securities dealers and brokers in every section of the country will meet at the Waldorf-Astoria in New York City today and Friday for the annual election of officers and governors of the National Association of Securities Dealers, Inc. In addition, the meetings will complete plans for NASD's active participation, in collaboration with other associations and organizations of securities dealers and brokers, in the Government's Defense Bond sales program. The governors will receive a report on last year's NASD enforcement campaign and plan for its continuation in 1942. One-third of the Association's members were examined in 1941 as the first step in a program for review of the finances and practices of all members.

Among new members elected to the Board of Governors are James Coggeshall, Jr., The First Boston Corporation and Clarence E. Unterberg, C. E. Unterberg & Co., New York. Robert W. Baird, The Wisconsin Company, Milwaukee, is Chairman of the Association. Lee M. Limbert, Blyth & Co., Inc., is a Vice-Chairman. A Chairman, two Vice-Chairmen, a Treasurer and the Executive Director are to be elected for the ensuing year. Perry E. Hall, Morgan Stanley and Company, and Frank Dunne, Dunne & Co., are members of the nominating committee which will report its recommendations for the current year's officers at the meeting on Friday.

Majewski To Be Partner In Edward A. Purcell Co.

Tomasz J. Majewski will become a limited partner in Edward A. Purcell & Co., 65 Broadway, New York City, members of the New York Stock and Curb Exchanges, on Feb. 1. Mr. Majewski has been in business as an individual dealer in New York and prior thereto was with M. C. Bouvier & Co. and Parris & Co.

Security Salesmen Of Philadelphia Elect

PHILADELPHIA, PA. — The Philadelphia Association of Security Salesmen has elected C. Howie Young, W. L. Morgan & Co., President, to succeed S. Stewart Alcorn, Jr., Eastman, Dillon & Co. Clifton D. Bunting, First Boston Corp., was named Vice-President and William V. McKenzie, Paine, Webber & Co., Secretary.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Jan. 12 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Jan. 14 and to mature April 15, 1942, which were offered on Jan. 9, were opened at the Federal Reserve Banks on Jan. 12. The following details of this issue are revealed:

Total applied for____$384,694,000
Total accepted ______ 150,047,000

Range for accepted bids (excepting one tender of $300,000):

High—100.

Low—99.963. Equivalent rate approximately 0.146%.

Average Price—99.970. Equivalent rate approximately 0.119%.

There was a maturity of a similar issue of bills on Jan. 14 in amount of $100,207,000.

J. Eustis & R. Stoddard Now With Riter & Co.

John N. Eustis and Ralph G. Stoddard have become associated with Riter & Co., 48 Wall Street, New York City, members of the New York Stock Exchange and other Exchanges, to do sales research. Both were formerly connected with Francis I. du Pont & Co. and Chisholm & Chapman, and prior thereto with Granberry & Co. as specialists in research and sales promotion. Mr. Eustis was a partner in Granberry & Co. In the past Mr. Stoddard was secretary and sales promotion manager of Standard Statistics Co.

Urges Nat'l Investors, Tri-Continental Merger

Fred Y. Presley, President of the National Investors Corporation, an investment trust, in resigning from that post to free himself for other endeavors, recommended that National Investors become affiliated with the Tri-Continental Group. Under the proposed arrangement, set forth in a letter from Mr. Presley to the stockholders, National Investors would participate with the companies in the Tri-Continental Group in their arrangement for sharing the cost of management and investment service, which would serve considerably to decrease expenses.

Mr. Presley and the present Board of National Investors suggested that the new Board be composed of Tri-Continental men. Tri-Continental is sponsored by J. & W. Seligman & Co., three of the proposed new directors, Henry C. Breck, Cyril J. C. Quinn and Francis F. Randolph, being partners in that firm. Other nominees to the Board are Thurston P. Blodgett, Vice-President of Union Service Corporation; Alfred M. Ellinger, Vice-President of the Central Hanover Bank & Trust Co.; Bayard F. Pope, Chairman of the Board of Marine Midland Corporation, and Robert V. White, President of Lehigh Coal and Navigation Company, all of whom are directors of Tri-Continental companies.

Wm. Ede And D. Collins Form S. F. Exchange Firm

SAN FRANCISCO, CALIF.—William Ede, Jr., and Daniel J. Collins have formed Collins & Ede, with offices in the Russ Building, to succeed Holt & Ede. Mr. Ede, a member of the San Francisco Stock Exchange, will represent the firm on the floor of the Exchange.

Mr. Ede, who has been in the investment business since 1925, is Vice-President of the San Francisco Exchange. Mr. Collins is President of the Security Cashiers' Association of San Francisco and a past President of the San Francisco Stock Exchange Institute.

Calendar of New Security Flotations

OFFERINGS

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)

Offered Jan. 13 by syndicate headed by Putnam & Co., Chas. W. Scranton & Co. and Estebrook & Co. as managers. A total of 336,088 shares of new cumulative preferred stock (no par) was offered comprising 136-088 shares of $2.40 cumulative preferred stock offered to holders of 68,044 presently outstanding 5½% preferred shares ($100 par) on the basis of 2 shares of new stock for each old share; and 200,000 shares of $2.20 cumulative preferred stock offered to the public at $52 per share, plus an additional amount equal to twice the number of 5½% preferred shares not exchanged for new stock

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)

Offered Jan. 14 at 99 and accrued interest

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)

Effective 3:45 p.m. EST on Jan. 6, 1942

Offered Jan. 7, 1942 at 100 and interest

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

UNION OIL CO. OF CALIFORNIA
Union Oil Co. of California filed a registration statement with the SEC for $15,000,000 3% Debentures, due Jan. 1, 1967

Address—Union Oil Bldg., Los Angeles, Cal.

Business—Company is engaged in substantially all branches of the oil business, including, acquisition and development of prospective and proved oil lands; production, purchase, transportation and sale of crude oil and natural gasoline; refining of crude oil; production, treatment and sale of natural gas; and the manufacture, transportation and wholesale and retail marketing of pertroleum products. Its business is conducted chiefly on the Pacific Coast, particularly California.

Underwriters, and the principal amount of Debentures severally to be purchased by each, are as follows:

Name	Amounts
Dillon, Read & Co.	$3,000,000
Blair & Co., Inc.	300,000
Blyth & Co., Inc.	1,500,000
Brush, Slocumb & Co.	100,000
Elworthy & Co.	150,000
The First Boston Corporation	1,000,000
Goldman, Sachs & Co.	500,000
Harriman Ripley & Co., Inc.	500,000
Lehman Brothers	500,000
Mellon Securities Corporation	1,200,000
Mitchum, Tully & Co.	200,000
O'Melveny-Wagenseller & Durst	100,000
Otis & Co.	125,000
Pacific Company of California	150,000
Page, Hubbard & Asche	100,000
Riter & Co.	250,000
Schwabacher & Co.	200,000
Shields & Company	500,000
Smith, Barney & Co.	1,000,000
William R. Staats Co.	500,000
Stone & Webster and Blodget, Inc.	500,000
Union Securities Corporation	500,000
Weeden & Co.	125,000
White, Weld & Co.	500,000
Dean Witter & Co.	1,500,000

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

Proceeds will be used for general corporate purposes, including expenditures of substantial amounts with respect to its refining and marine transportation facilities

Registration Statement No. 2-4927. Form A2 (12-30-41)

Offered Jan. 13 at 99½ plus accrued interest from Jan. 1, 1942

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, are named principal underwriters and are committed to the purchase of 18.15% of all stock not subscribed for by common stockholders. In addition to Harriman Ripley & Co., the underwriters and their participations are: Blyth & Co., Inc., Kuhn, Loeb & Co. and Morgan Stanley & Co., 11% each. Hayden Stone & Co. and Smith, Barney & Co., 5.5% each. G. M.-P. Murphy & Co., 3.8%. Clarke, Dodge & Co., Dominick & Dominick, Goldman, Sachs & Co., Hornblower & Weeks, Lazard Freres & Co. and White,Weld & Co., 3.65% each. W. E. Hutton & Co., 2.75%. The Blue Ridge Corp., 2%. Merrill Lynch, Pierce, Fenner & Beane, 1.85%, Baker, Weeks & Harden, Putnam & Co. and Chas. W. Scranton & Co., 1.2% each. Merrill Lynch & Co., Inc., and Cassatt & Co., 0.9% each.

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

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

Effective—4:45 p.m. EST on Jan. 2, 1941.

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

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

Offerings will rarely be made before the day following.

THURSDAY, 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

HAMILTON WATCH CO.
Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par

Address—Lancaster, Pa.

Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women

Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment,

Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions

Registration Statement No. 2-4926. Form S2 (12-30-41)

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)

Amendment filed Jan. 13, disclosing a coupon rate of 3¼% for the $10,000,000 10-year sinking fund debentures, and a coupon rate of 4% for the $17,500,000 15-year sinking fund debentures

The amendment named the underwriters of the issues as follows: Mellon Securities Corp.; Alex Brown & Sons; A. C. Allyn & Co.; Bear, Stearns & Co.; Blair & Co.; Blyth & Co.; Bonbright & Co.; Central Republic Co.; Dean Witter & Co.; Dillon, Read & Co.; Eastman, Dillon & Co.; Emanuel & Co.; Estabrook & Co.; the First Boston Corp.; Hallgarten & Co.; Harris, Hall & Co.; Hayden, Miller & Co.; Hemphill, Noyes & Co.; J. J. B. Hilliard & Son; W. E. Hutton & Co.; Jackson & Curtis; Kidder, Peabody & Co.; Kuhn, Loeb & Co.; Lazard Freres & Co.; Lee Higginson Corp.; Carl H. Loeb, Rhoades & Co.; Laurence H. Marks & Co.; Merrill Lynch, Pierce, Fenner & Beane; Moore, Leonard & Lynch; F. S. Moseley & Co.; Paine, Webber & Co.; Parrish & Co.; E. H. Rollins & Sons; Riter & Co.; Schwabacher & Co.; Shields & Co.; Singer, Deane & Scribner; Stein Brothers & Boyce; Stone & Webster and Blodgett; Stroud & Co.; Tucker, Anthony & Co.; Union Securities Corp.; Wertheim & Co., and Whiting Weeks & Stubbs

WEDNESDAY, JAN. 28

PENNSYLVANIA ELECTRIC CO.
Pennsylvania Electric Co. registered with SEC $32,500,000 first mortgage bonds, due Jan. 1, 1972, and 34,000 shares Series A cumulative preferred stock, $100 par. The interest rate on the bonds and the dividend rate on the preferred stock, will be supplied by amendment to the registration statement

Address—222 Levergood St., Johnstown, Pa.

Business—This company, controlled by Trustees of Associated Gas & Electric Corp., is engaged chiefly in the production, purchase, transmission, distribution and sale of electricity for lighting, heating, industrial and general utility purposes, serving a territory in Western Pennsylvania extending from the Md.-Pa. State line northerly to Lake Erie

Underwriting and Offering—The bonds and preferred stock will be sold by company under competitive bidding rule U-50 of SEC's Public Utility Holding Company Act. Names of underwriters and public offering prices will be supplied by amendment to registration statement. The Invitations to bid for the securities specify that the company is to receive not less than 103 for the bonds and not less than $100 per share for the preferred stock

Proceeds will be used to redeem all of the outstanding funded debt of the company and Erie Lighting Co. and for property additions

Registration Statement No. 2-4929. Form A2 (1-9-42)

R. L. SWAIN TOBACCO CO., INC.
R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock, by John W. Yeaman, Martinsville, Va.

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 204928. Form A1 (1-9-42)

DATES OF OFFERING UNDETERMINED

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

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

Address—Bendix Airport, Bendix, N. J.

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

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

Offering—Preferred stock to be offered amendment.

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

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

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

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

Amendments filed Nov. 25 and Dec. 13, and Dec. 30 1941, to defer effective date

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

Calendar of New Security Flotations

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 $80,000,000 first mortgage bonds through competitive bidding permitted to become effective Dec. 30, 1941

Effective 4:45 p.m. EST on Jan. 8, 1942

Public Bids—Company issued Jan. 9, a public invitation for proposals for the purchase of $80,000,000 first mortgage bonds, series due 1972, with the stipulation that the coupon rate shall be specified by the bidders, in multiples of 1/8%, but not exceeding 3½%. All proposals must be presented to the company at the office of The Commonwealth & Southern Corp., 20 Pine St., N. Y. City, before 12 noon, Jan. 19, 1942. Prior to 3 p.m. on that date, the company will accept the proposal that provides the "lowest annual cost of money" for the bonds, unless it rejects all bids.

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

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)

Effective 12:00 noon EST on Jan. 6, 1942

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)

Amendment filed Jan. 8, 1942 to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

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

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

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

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

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

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

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

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

Amendments filed Nov. 26, Dec. 15, 1941 and Jan. 2, 1942 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 5% 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)

Amendments to defer effective date filed Dec. 22, 1941 and Jan. 9, 1942

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. (12-23-41 Cleveland)

Amendment filed Jan. 10, 1942 to defer effective date

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)

Amendment filed Jan. 10, 1942 to defer effective date

TEXAMERICA OIL CORP.

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

Address — Milam Bldg., San Antonio Tex.

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

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

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

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

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

UNION LIGHT, HEAT AND POWER COMPANY

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

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

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

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

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

Amendments filed Nov. 25, Dec. 13 and Dec. 31, 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 warrants 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)

Amendments to defer effective date filed Dec. 26, 1941 and Jan. 10, 1942

(This List Is Incomplete Today)

The Business Man's Bookshelf

DEDUCTIONS FROM YOUR INCOME TAX, *by Otto W. Helbig* 60 Broad Street, New York—10c.

A new booklet "Deductions from Your Income Tax" is designed to give personal education to the public in taxation and to create straight thinking—and savings—for the Federal Income Tax. This booklet clearly explains the tax for personal returns. In simple language it tells what the Federal Income Tax means to the individual without cluttering his mind with problems in business returns in which he has no interest.

The law provides that taxpayers make certain deductions from their gross income before figuring taxes. It is to everybody's interest to keep a record of deductible items in a way that will be accepted by the income tax inspectors. For each taxpayer and his purse—rich and poor alike—this booklet provides properly headed record pages for conveniently listing deductions as he pays them. Therefore, it will keep him tax conscious throughout the year and not only on tax payment days.

The magnitude and significance of our defense program will begin to be impressed upon the minds of the public through the present Federal Income Tax. Now that our guns are talking and the number of our men under arms is to be vastly increased, taxes will impose an even greater burden. No one now can estimate what it is going to cost us to win the war. That cost, however high it may be, must be raised by taxes—taxes now to pay as much as possible as we go along; future taxes to wipe out National, State, city and county debts.

To deeply root national unity in sentiment and effort, an all important part is the education of the public in taxation as the vital investment in insurance for the American System — personal liberty, individualism and free enterprise. Our forefathers fought for and established our country on the idea that there be "No Taxation Without Representation." For one hundred and sixty-three years we Americans have had a voice—our votes—in taxation. Too many have been negligent in the selection of their representatives and corrupt politicians flourished. Education in the personal participation in taxation is needed now that it includes, particularly in sales and hidden taxes, every man, woman and child. Through true representation in taxation and the elimination of Governmental duplication America, after the fighting is over, again will continue the growth and expansion she began with the Boston Tea Party.

Corporations, in whole-hearted public spirit could well furnish each of their employees and stockholders with a copy of this important but inexpensive booklet. Corporations employ the best talent available to aid them in making their returns and in such distribution will extend valuable economic aid to the Government as well as to their corporate families. A copy of this booklet will save each individual confusion and money in making proper deductions when he makes up his return for this year's income. Corporations distributing these booklets will not only benefit their employees and stockholders but will save the Government inestimable expense by greatly reducing the number, which otherwise may be exceedingly high, of incorrect returns for the Income Tax Bureau to straighten out.

Distribution of this booklet by banks to their employees, stockholders, depositors and personal loan customers likewise will be in the public interest as it will encourage savings for taxes. Every penny paid out each day for a sales tax and listed as a deduction from income will be a savings that could be invested in a Savings Stamp and thence into a Defense Bond. Then the individual not only avoids paying an extra tax on a tax but saves to buy bonds—to consciously invest savings from whatever source as his investment to maintain The American Way of Life—an investment which, incidentally, pays him an annual cash income. Distribution by banks and corporations will build good will for each distributor through establishing kindlier and more cooperative public and labor relations. Through the stimulation of thrift it will provide funds for Defense Bonds and become a real benefit to each community as, through savings for taxes, it will prevent sudden large and disastrous withdrawals of money from business circulation on tax payment days.

Hilker With Clair Hall

(Special to The Financial Chronicle)

CINCINNATI, OHIO.—J. Kenneth Hilker has become associated with Clair S. Hall & Co., Union Trust Building. Mr. Hilker was formerly local representative for Stone & Webster and Blodget, Inc. and prior thereto was with the First Cleveland Corporation and Nelson, Browning & Co.

Ralph Deems Now With Bingham-Walter & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Ralph F. Deems has become affiliated with Bingham-Walter & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange. Mr. Deems was formerly proprietor of Deems & Co. and prior thereto was sales manager of Dulin & Co.

Now Lynch & Co.

DALLAS, TEX. — Coincident with the withdrawal from the firm of John E. McEvoy and Louis A. Watson, the firm name of Watson, Lynch & McEvoy, Inc., Dallas National Bank Building, has been changed to Lynch and Company. William F. Lynch is President of the new organization; J. Ervin Shilg and Alva F. McKnight continue in the sales department.

18th Annual Dinner For Phila. Traders

PHILADELPHIA, PA.—The Investment Traders Association of Philadelphia will hold their 18th annual dinner on Friday, Jan. 23, at 6:30 p.m. at the Crystal Ballroom of the Benjamin Franklin Hotel.

A grand extravaganza is being prepared featuring superb entertainment, delightful music, and girls-girls-girls (the committee claims a real bevy of steatopygic beauty) guaranteed to make you forget your long position. There will be active trading in U. S. Defense Savings Bonds. Send in your reservations early—price six dollars — to the Committee in charge of the dinner:

Frank E. Haas, Rufus Waples & Co., Chairman; Benjamin H. Lowry, Laird & Co.; John M. Hudson, Thayer, Baker & Co.; Russell M. Dotts, Bioren & Co.; Newton H. Parkes, Jr., E. H. Rollins & Sons; Robert A. Torrens, Harriman Ripley & Co.; George J. Muller, Janney & Co.; James B. McFarland, 3rd, First Boston Corporation; Samuel S. Boston, Butcher & Sherrerd; and Thomas F. O'Rourke, Stroud & Co.

Arnold Promoted By Harriman Ripley & Co.

PHILADELPHIA, PA.—Harriman Ripley & Co., Inc., 1529 Walnut Street, announces that Eugene Arnold, who has been associated with the company since its organization on June 16, 1934, has been appointed Manager of the Municipal Department.

Mr. Arnold entered the investment banking business in 1917 with the banking firm of Brown Brothers & Co. (now Brown Brothers Harriman & Co.) remaining in their employ until 1934. He is a member of the Bond Club of Philadelphia and is Vice-President of the Philadelphia Municipal Dealers Association.

The business of Harriman Ripley & Co., Inc., in Philadlphia, is under the direction of Frederick M. Thayer, Vice-President, and Edward Boyd, Jr., Manager.

THE BOND SELECTOR

DEEP ROCK OIL 6% DEBENTURES

Quoted recently over the counter at 93⅜-94⅞, Deep Rock Oil Corporation 6% debentures, due in 1952, are considered attractive for income and the possibility of appreciation to par, which level represents the redemption price of the bonds. At 94½, they yield 6.76% to their due date on Jan. 1, 1952.

Deep Rock is a small integrated unit, operating in the mid-continent area. Oil lands consist of 121,439 acres, of which 9,152 are developed, these being located principally in Oklahoma, Kansas, Texas and Arkansas. Present reserves are not stated, the latest known being those as of Sept. 1, 1937, when they were officially estimated at 10,760,000 barrels.

A completely equipped refinery of 10,000 barrels daily capacity is located at Cushing, Oklahoma, in the heart of the mid-continent area. In addition, the company operates under lease a 4,000 barrel daily capacity cracking plant. About 55% of total refinery requirements is provided by the company's own production and the balance is purchased. Deep Rock manufactures a full line of petroleum products which are marketed through more than 1,300 distributing outlets. These products are sold under the Kant Nock trade name for gasoline and Deep Rock for other products.

On March 2, 1933, this company, then controlled by Standard Gas & Electric Company, went into receivership. A long train of litigation ensued, which was ended on Feb. 27, 1939, by a decision of the U. S. Supreme Court. This decision reversed both a District Court and a Circuit Court of Appeals. Both the latter had approved and confirmed a compromise of certain claims of Standard Gas & Electric against Deep Rock and a plan of reorganization based on this compromise. The U. S. Supreme Court decision eliminated Standard Gas & Electric, together with its claim for $6,129,000, from participation in the reorganization which was finally consummated and put into effect on May 1, 1941.

The present 12-year 6% sinking fund debentures were given to holders of the old 7% convertible notes together with cash and new common stock. By this plan, the debt of the company was reduced from $10,000,000 of 7% notes to $5,500,000 of 6% debentures. The previously outstanding preferred stock was eliminated by the issuance of new common stock to preferred stockholders, the old common stock owned by Standard Gas receiving no consideration. At the present time, the company's capitalization consists of $5,487,000 of the 6% debentures and 399,295 shares of common stock.

The net result of the reorganization has been principally the reduction of the extremely burdensome debt and the elimination of the inordinately heavy advances due to Standard Gas while that organization was in control. Prior to the reorganization, interest on the old 7% notes and interest due on advances from the parent company usually ran well over $1,000,000 annually. On the present 6% debentures, interest at the maximum will be $330,000 before the sinking fund operates. This sinking fund provides that 50% of net income, as defined by the indenture, be set aside out of previous year's earnings for purchase at not more than par or by redemption of debentures. Dividends cannot be paid until this provision has been made nor can dividends be paid except from earned surplus accumulated since Jan. 1, 1940.

The latest complete balance sheet, as of April 30, 1941, the day before the plan went into effect, showed total assets of $16,887,000, of which net plant represented $8,434,000 after depreciation reserves of $12,737,000. Net current assets amounted to $5,497,000, or just about equal to the principal amount of debentures now outstanding. Total current assets of $8,268,000 included $3,777,000 of cash, $1,479,000 of trade receivables and inventories of $2,966,000. Cash well exceeded total current liabilities of $2,770,000. Current ratio was 3 to 1. At Oct. 31, 1941, the company reported that net current assets had increased to $5,976,000 from $5,497,000 reported at April 30.

Since May 1, 1941, the date of reorganization, Deep Rock's earnings have been extremely good. For the six months ended Oct. 31, 1941, sales were running at an annual rate of $18,400,000, the best level since 1930. The following summarizes the income account for this period:

Sales, etc.	$9,191,307
Cost & expenses	7,541,762
Deprec. & depletion	502,207
Operating profit	$1,147,338
Other deductions	161,402
Debenture interest	164,225
Balance	$821,710
X Charges earned	6.00

The importance of the reorganization cannot be emphasized too strongly in that it effected the removal of Standard Gas from control and consequently permits the company to operate in an efficient manner. If earnings continue at a good level for the next year, as it is expected that they will, it seems plausible to presume that these debentures could be refunded on a more attractive interest cost basis to the company. Even without this possibility being realized, however, the bonds are believed considerably underpriced at current levels. In addition, they produce an extremely liberal yield.

Expenses Vs. Prices

The following excerpt from a letter recently received by the "Financial Chronicle" needs no further comment:

"Just asked for price of five thousand small business printed envelopes.

"I bought some June, 1940, at $5.95 for the lot; September, 1941, at $6.20 for the lot; but on Jan. 7, 1942, $9.50 for the lot is asked by the same dealer.

"Expenses go up this way but don't dare raise prices on securities for profits or you will go to jail."

Governors Of Stock Exchange Firms Ass'n Holds Quarterly Meeting In Chicago

The Board of Governors of the Association of Stock Exchange Firms held its first regular quarterly meeting since the recent completion of its reorganization. The meeting was held in the Board of Governors' room of The Chicago Stock Exchange.

Twenty-eight of the thirty governors of the Association of Stock Exchange Firms attended, those present being: George E. Barnes, Wayne Hummer & Co., and Arthur F. Lindley, Clement, Curtis & Co., of Chicago; Wm. B. Haffner, Wilcox & Co., Eugene Barry, Shields & Co., Herbert F. Boynton, F. S. Moseley & Co., Gardner D. Stout, Dominick & Dominick, George H. Walker, Jr., G. H. Walker & Co., Sherman M. Bijur, H. Hentz & Co., George R. Kantzler, J. E. Devon & Co., J. Gould Remick, Evans, Stillman & Co., Gilbert U. Burdett, Laidlaw & Co., Harold T. Johnston, James H. Oliphant & Co., Thomas W. Phelps, Francis I. du Pont & Co. and Chisholm & Chapman, Jacob C. Stone, Asiel & Co., and Homer A. Vilas, Cyrus Lawrence & Sons, of New York City; and J. C. Bradford, J. C. Bradford & Co., Nashville, Wm. G. Lerchen, Wattling, Lerchen & Co., Detroit, Frank E. Baker, Baker, Weeks & Harden, Philadelphia, John E. Parker, Auchincloss, Parker & Redpath, Washington, Wm. J. Fleming, A. E. Masten & Co., Pittsburgh, Harry W. Sack, Strassburger & Co., San Francisco, George Storer Balwin, Burr, Gannett & Co., Boston, Wm. Wymond Cabell, Branch, Cabell & Co., Richmond, J. Gates Williams, Francis, Bro. & Co., St. Louis, D. J. Bogardus, Bogardus, Frost & Banning, Los Angeles, Springer H. Brooks, Piper, Jaffray & Hopwood, Minneapolis, Malon C. Courts, Courts & Co., Atlanta, and Latham W. Murfey, Curtis, House & Co., Cleveland. James F. Burns, Jr., Harris, Upham & Co., President of the Association, presided.

Emil Schram, President of the New York Stock Exchange, at whose suggestion the Association of Stock Exchange Firms was recently reorganized on a nation-wide basis, also attended the meeting and took part in the proceedings. Mr. Schram, in an informal address discussed capital gains taxes as "revenue-preventing" rather than "revenue-producing".

The Governors of the Association discussed their proposed activities, including the expansion of the Association's service to its members and the broad public informational program which is contemplated. Reports were made by various committees, including one by the Committee on Insurance which at the present time is seeking, in cooperation with underwriters, to develop a surety bond covering possible destruction of securities by enemy action.

Steps looking to a more active participation by the various units of the securities industry in the defense bond campaign were discussed. The facilities of the New York Stock Exchange and of the Association of Stock Exchange Firms have been placed at the disposal of the Treasury Department.

The Governors of the Association decided to hold their next meeting in Nashville.

The Governors of the Association were the guests of the Chicago Association of Stock Exchange Firms at a dinner at the Mid-Day Club following the meeting.

Panama Coca-Cola Bottling Offering

First manifestation of the investment relations between investors in the United States and private industry in neighboring republics in recent years will be the flotation in the American market today of the capital stock of Panama Coca-Cola Bottling Company.

The public offering will consist of 33,750 shares of new $1 par value common stock of the company, a Panamanian corporation dating from 1913. The offering represents what is believed to be the first equity financing here for a foreign industrial since passage of the Securities Act. Elder & Company, New York Stock Exchange firm with offices also in Chattanooga, Knoxville and Nashville, is offering the shares as agents, at $12.50 per share.

This financing will reimburse the company for capital expenditures made during 1939 and 1940 for plant and equipment costing in excess of $230,000 and for stock that it purchased and retired at a cost of $169,000. It will also provide additional working capital.

In the first seven months of 1941 gross sales were $617,513 and net profit $168,666. The management has expressed its intention of placing the stock of the company on a regular quarterly 30 cents per share basis.

SEC To Be Moved To New Quarters In Phila.

Formal order has been issued directing the removal of the Securities and Exchange Commission to Philadelphia and transfer of the records is expected to begin as soon as possible to provide urgently needed space for the expanding defense bureaus in Washington, D. C.

Financial and other interests in New York City had requested the removal of the Commission to New York, as the logical site for the SEC, but there was insufficient political support to carry the suggestion.