Final Edition THURSDAY In 2 Sections — Section 1

FINANCIAL CHRONICLE
The COMMERCIAL and

(Reg. U. S. Pat. Office)

Volume 155 Number 4045 New York, N. Y., Thursday, February 12, 1942 Price 60 Cents a Copy

Insists Over-The-Counter Dealer Be Protected

We give below the major portion of the statement made last month by Edward E. Chase (representing the Maine Dealers Committee) before the House Committee on Interstate and Foreign Commerce opposing the adoption of the proposed Proxy Amendment to the Securities Exchange Act of 1934 unless supplemented by the adoption of another amendment to protect over-the-counter dealers from extermination:

"This proposed proxy amendment, if adopted, would extend greatly the application of the existing law relating to the publication of corporate information, by bringing within its scope many thousands of corporate enterprises. According to the Conference Report, it is sponsored by the New York Stock Exchange and the New York Curb Exchange; while the National Association of Securities Dealers and the Investment Bankers Association neither favor nor oppose, on account of a conflict of interest within their memberships. The Securities and Exchange Commission, giving the proposal rather faint praise, calls attention to the desirability of more financial information being made available.

"The position of the distributing dealers whom I represent is similar to the position of the Commission. We would welcome such additional information upon corporations whose securities are publicly outstanding. The ostensible purpose is so worthy, and the argument so plausible, that one is almost ashamed to suggest that the whole story has not been told.

"Nevertheless, it is a fact that the adoption of this proxy amendment, ostensibly designed in the public interest, would give these Exchanges, and especially the Curb Exchange, a great advantage over the dealers in whose interest I speak. The New York Stock Exchange might find it easier to persuade companies to list their securities, if the information required for listing had to be published anyway; and this may not be objectionable. But the New York Curb Exchange would have made available, without cost, much of the information which made available, without cost, visions of Clause (3) of Section 12 (f), in order to secure unlisted trading privileges.

"The present law permits the Curb Exchange to apply to the Commission for unlisted trading privileges in a security without the consent of and even against the wish of the issuer. We distributing dealers generally have been opposed to this provision, first because Curb trading in an unlisted security is an embarrassment to the distributor who deals in that security, and second because we contend that it is not in the public interest that an issuer should be exposed to the danger of irresponsible ownership and speculation in its securities without its consent.

"This existing situation, we think, is bad enough. But it would become much worse if the Exchange-proposed proxy amendment should be adopted; for there would then be available to the Curb Exchange a mass of information on small companies, which could be used in applying for unlisted trading privileges in hundreds of securities, the distribution of which is now our principal business.

"It is true that such unlisted trading privileges must be granted by the Commission, and that the Commission must base its decision upon its conception of the public interest. However, you will see that this is not an adequate answer, if you consider the practical situation. The Curb Exchange is a centralized organization. It has a staff of lawyers and statisticians. In a few days it can prepare and present a plausible case. On the other hand, the distributing dealers are not organ-

(Continued on page 658)

OUR REPORTER'S REPORT

Though naturally regarded as an undertaking separate and distinct from corporate financing, details of the Treasury's $1,500,000,000 new money offering, due out today, are awaited with the usual interest as a guide to the general market picture.

Wall Street admits considerable confusion in endeavoring to guess what Mr. Morgenthau may have in mind with regard to type of issue, maturity and coupon rate. Frankly, bankers confess being tired of listening to prognostications.

But taking their guidance from the action of outstanding Treasuries, some traders who are quite adept figuring prospects, have been watching the Treasury's 1951-1955 maturities and noting the greater than average heaviness which has ruled there.

This particular issue has eased about 3/8 of a point recently. The 1952-1954 maturities, it is pointed out, are selling at prices to yield the buyer from 2.09 to 2.15%.

Piecing the picture together, these students calculate that chances favor a ten-to-thirteen-year maturity which it is believed would carry a coupon of around 2 1/4%.

Of course, if Secretary Morgenthau sticks to long-terms, the situation would be altered accordingly. And considering the scope of the undertaking there is always the possibility of some offering of intermediates and long terms.

Schenley Deal "Steaming"

Bankers who are slated to market the Schenley Distillers Corporation financing, designed to fund outstanding bank loans, are reported to be contemplating public offering early next week, provided nothing untoward happens meanwhile.

(Continued on page 657)

Schram And Burns Urge Repeal Or Modification Of New York State Stock Transfer Tax Laws

Emil Schram, President of the New York Stock Exchange, and James F. Burns, Jr., President of the Association of Stock Exchange Firms, appearing in Albany before the Ways and Means Committee of the New York State Legislature, urged repeal or modification of stock transfer taxes which are paralyzing the securities business in New York.

The present tax situation is jeopardizing New York's position as financial center of the country, Mr. Schram said, and lower market volume, reduced employment, loss of building rentals, lowered valuation for real estate and reduced purchasing power is resulting. Mr. Schram pointed out that 75% of the New York Stock Exchange's public business originates outside the State, and many customers have taken their business to out-of-State markets where there are lower, or no, taxes. The New York fiscal emergency giving rise to this tax no longer exists and the tax should be abolished. "Today," he added, "there is an emergency but it exists in the financial district of New York. I am not overstating the case when I say that this emergency is so serious that the position of supremacy which our financial district has long held is now threatened."

Mr. Burns stated that a recent survey showed a decline of almost 44% in employment by Exchange member firms in the last five years, and the data reflect only Stock Exchange employment conditions, indicating only a small part of the shrinkage in personnel and earning power during the period. He added that the brokerage industry is facing the possibility of a shortage of skilled employees because of its inability at present market volume to meet the wages offered by other industries which are not placed at a competitive disadvantage by prejudicial taxation.

The State Legislature has twice passed bills eliminating the taxes, but each time Governor Lehman vetoed them.

The "Chronicle" urges all dealers and brokers and their employees in New York State to write to their Senators and Assemblymen at Albany urging them to use their best efforts to get the Coudert-Mitchell Bills passed. If these bills become law, it will be an inspiration to investment bankers and brokers in other States and will encourage them to seek the repeal of laws that are inimical to their interests.

Lewis W. Douglas To Address N. Y. Bond Club

Lewis W. Douglas, President of the Mutual Life Insurance Company of New York, will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on Feb. 24, it was announced today by J. Taylor Foster, President of the club.

Mr. Douglas recently was appointed to work with W. Averell Harriman, the President's special representative in London, on distribution and delivery of war supplies. Preparatory to leaving shortly for London, he is now in Washington making a special survey in connection with his war assignment.

INDEX

Newspaper Quotation Spreads Should Not Deprive Dealers Of Adequate Compensation

By An Anonymous Dealer

There can be but two justifiable reasons for contracting the spread between the bid and ask prices on Over-the-Counter Industrial and Public Utilities securities.

1. Substantial public complaints of gouging by brokers and dealers.

2. Inordinate profits accruing to the securities dealer.

In view of the recent report by NASD the first reason appears unfounded.

This report by NASD on its 2,883 members for the year of 1941 indicated 120 violations of good business conduct. Of these, 30 persons were expelled, others suspended, fined or admonished. When one considers the millions of transactions handled by perhaps 25,000 to 30,000 salesmen, traders, customers' men and partners during the year the record is not too bad. The 30 or so expelled represent about 1/10 of 1% of the persons engaged in this work. While it lists 120 complaints it does not define the type of violations, therefore it is quite impossible to state whether or not these complaints were for gouging or other reasons. I am sure that the whole of the membership of the NASD would like to see a Simon-pure record. However, it has not been revealed that gouging is a cause for public complaints.

The second reason for narrowing the newspaper quotations would be that of "inordinate profits."

No one in authority can accurately determine the costs of doing business in the securities industry. The overhead of one investment dealer is as unlike another's as snowflakes examined under a microscope. Ten trades identical in price, amount, and issue, might have varying charges for telegraph, telephone, etc., etc., thereby changing the net profit accruing to the different firms. Similarly, production costs differ in the hundreds of units comprising a single manufacturing industry. Under such conditions is it not impossible to determine whether or not identical transactions by several firms will result in an excessive profit to any one of them?

The continuous decrease in the number of registered dealers, the reduction in dealers' sales staff and contraction of office space used by the industry, the continuous consolidation of firms, Scotch holidays, and reduction of salary and wages received by the people in the financial district reflects declining business and profits.

Individual profit is a correct motive in any line of business.

Investment trust issues appear in the newspaper at quotations which their sponsors set to allow a sufficient margin of profit to act as incentive for salesmen, and stocks can not be brought from or sold to investors by members of NASD at prices other than those quoted. Why then should not other Over-the-Counter issues appear at prices above and below specialists market which would also permit a profit to salesmen?

The unlisted bank and insurance, public utility, and industrial stocks and bonds quoted in the newspapers must qualify as to size of issue, number of holders, management or control ownership, area of distribution, financial qualification and other logical reasons formulated to insure a continuous free public supply and demand market before they are accepted for listing therein. These qualifications must be amply met or the quotations will not be carried.

To insure a continuing public market an ample margin of profit must be allowed to both the investment trust sponsors, and specialists and retailers in over-the-counter securities.

The small volume of business transacted by the exchanges is in no small part attributable to the negligible commissions allowed; whereas it has been conclusively shown in recent months that distribution of large blocks of listed stock, over-the-counter, was effective because of the incentive of the profit motive, i.e., such transactions effected after the close of the exchange allowed the house to make a profit of ½ point or more.

Morse Opens New Dept. For Newburger, Loeb

Newburger, Loeb & Co., members New York Stock Exchange, announce the opening of a municipal bond department under the management of Charles D. Morse. This step marks an important expansion of the firm's bond activities.

Charles D. Morse

For the past three years Mr. Morse has been associated with Otis & Co., as manager of their municipal bond department. Prior to 1939, he was President of his own municipal firm Morse Brothers & Co., Inc. Before forming his own company, he was for 13 years associated with Lehman Brothers as manager of their municipal trading department.

Corporate Reports

Eastern Printing Corporation, 100 Sixth Avenue, New York City, has prepared a most attractive folder showing samples of typograph and papers used in connection with corporate reports, proxy solicitation, registration and listing statements, prospectuses and SEC forms; the folder also contains a timetable for proxy procedure and questions with respect to annual reports to stockholders. Copies of the folder may be had upon request by writing to Andrew F. Gibson, manager of the corporate division.

Kebbon, McCormick Co. Is Formed In Chicago

CHICAGO, ILL. — Announcement is made of the formation of Kebbon, McCormick & Co. to continue the investment business formerly conducted by Stern, Wampler & Co., Inc. The new firm will occupy the present quarters of Stern, Wampler & Co., Inc., at 231 South La Salle Street, Chicago, and 40 Wall Street, New York City. Formal announcement is expected in the near future.

R. A. Kebbon

Kebbon, McCormick & Co. will be conducted as a partnership, which includes L. Raymond Billett, James R. Connell, J. W. Hirsch, Richard A. Kebbon, John C. Marshall, D. Dean McCormick and Harry N. Pritchard, all of whom are principals of Stern, Wampler & Co., Inc., with the exception of Mr. McCormick, who is resident manager of the Chicago office of Alex. Brown & Sons, Baltimore.

D. D. McCormick

The partners of the new firm have been identified with the investment business for many years. All reside in the Chicago area, with the exception of James R. Connell, who will be the partner in charge of the New York office.

The firm will function as underwriters, distributors and dealers in United States Government, municipal and corporate securities.

Forms Eric Marks & Co.

Eric H. Marks, member of the New York Stock Exchange, will form Eric H. Marks & Co. in partnership with James Campbell, Jr., on Feb. 19th. Offices of the firm will be at 42 Broadway, New York City. Mr. Campbell will act as alternate for Mr. Marks on the floor of the Exchange under section 15, article IX of the Exchange's constitution. Mr. Marks was formerly an individual floor broker and was a partner in Byfield & Co.

Boker To Be Partner

Hermann D. Boker will be admitted to partnership in F. S. Moseley & Co., 14 Wall Street, New York City, and 50 Congress Street, Boston, Mass., members of the New York Stock Exchange and other leading national exchanges, as of Feb. 19th.

DEALER BRIEFS

Kingston, N. Y.

During the past decade we have found short term medium grade underlying bonds one of the most effective media for serving an income buying clientele. First the utilities served this purpose; then the rails. And more recently some of the short term rail divisionals are duplicating the 1935-1937 experience—*Earl H. Newbery, Chilson, Newbery & Co.*

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, February 12, 1942
Published three times a week [every Thursday (general news and advertising issue) with statistical issues on Tuesday and Saturday]
Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

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; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

NSTA Votes To Buy U. S. Defense Bonds

The National Security Traders Association has announced through its President, Herbert H. Blizzard of Philadelphia, that at the semi-annual meeting of the National Committee of the Association held in Chicago, the Association voted to invest 25% of its entire treasury in United States Defense Bonds and to cooperate through its 2,400 members in the sale of Defense Bonds to the public. It was also decided to make a substantial donation to the American Red Cross.

Herbert H. Blizzard

Twenty-two cities, from coast to coast, were represented by delegates at the meeting.

Irwin R. Harris

Mr. Blizzard also announced that Irwin Harris of Scherck, Richter & Co., St. Louis, has been appointed Chairman of the Association's Public Relations Committee.

I. D. Berg Retires

CHICAGO, ILL.—I. D. Berg, office manager of A. G. Becker & Co., Incorporated, 100 South La Salle Street, has retired after more than 52 years of service with the firm and its predecessor, Herman Schaffner & Co. Mr. Berg will contribute his long experience in the investment field to help raise funds for the war effort under the Defense Savings Bond division of the Treasury.

Wall Streeters Hold Rally For War Fund

The Wall Street District's first big war rally since Pearl Harbor was held on the floor of the New York Produce Exchange for the Red Cross War Fund of Greater New York.

An eye-witness account of Pearl Harbor was given by Col. John J. Moorhead, noted surgeon who was in Hawaii when the Jap bombs burst on Dec. 7 and was called into immediate action to care for the victims.

Some 3,000 individuals engaged in investment banking, investment advising, and security or commodity brokerage, were present.

Merle Oberon, motion picture actress, and Leon Fraser, General Chairman of the local War Fund appeal, were speakers, and Lewis E. Pierson, Chairman of the Finance Section, presided.

There was music by a drum and bugle detail of the Grand Street Boys' Band.

Members of the committee arranging the meeting are:

Charles B. Crofton, President of the New York Produce Exchange; Myron G. Darby, of Darby & Co.; Frank Dunne, President, N. Y. Security Dealers Association; I. Henry Hirsch, President, N. Y. Cocoa Exchange; Charles S. McCain, Dillon, Read & Co.; Robert J. Murray, President, N. Y. Cotton Exchange; William W. Pinney, President, N. Y. Coffe & Sugar Exchange; George P. Rea, President, N. Y. Curb Exchange; Henry G. Riter 3d, Chairman, N. Y. District, National Association of Security Dealers, Inc.; and Robert L. Stott, Chairman of the Board, N. Y. Stock Exchange.

Bergen In Armed Service

John J. Bergen, President of John J. Bergen & Co., Ltd., New York investment firm, has entered the Naval service of the nation as Lieutenant-Commander. He will act as Treasurer of the Committee on General Arrangements for the Navy relief show to take place at Madison Square Garden on March 10th.

Edward Boehm, formerly Vice-President of John J. Bergen & Co., Ltd., will go to Detroit as Vice-President of Gar Wood Industries, Inc.

Municipals Vs. Fire Stocks

An interesting circular has been issued by Hare's Ltd., 15 Exchange Place, Jersey City, N. J., comparing the relative investment desirability of municipal bonds and fire insurance stocks, and stressing the particular attractiveness of fire stocks at this time. Average annual yield is compared for each year from 1925 through 1941, relative certainty of income is compared as well as market value and appreciation. Copies of the circular may be had upon request from Hare's Ltd.

"JOTTINGS"

The new Price Control Act does not seem likely to be either as harmful or as useful as it looks. Events have run on ahead of it and plugged most of its holes.

True, it seems to permit a vicious price spiral shuttling back and forth between wages and farm prices; because wages may be adjusted upward to farm prices (by cost-of-living bonuses, direct or indirect) and then farm "parity prices" are automatically adjusted upward to the higher cost of industrial products.

But in the first place the Department of Agriculture apparently has both the will and the means at this time to hold farm prices down by release of CCC holdings, particularly of grains and cotton. The present corn-hog ratio, for instance, is highly favorable to hog-growing, but it can remain so only if the price of corn is held down and it can easily be held down at this stage by CCC sales.

But the principal fact which limits the importance of the Price Control Act is that it has meaning only where it applies to a free market at free prices, and that market is steadily being shrunken.

Here are some of the ways it is being shrunken.

More and more commodities are now being entirely by-passed from the open market through Government ownership through the Commodity Credit Corporation, Defense Supplies Corporation, Metal Reserve Corporation, Rubber Reserve, Treasury Procurement, Army, Navy, etc. The key - words are "ever - normal granary" and "stockpiling" of "strategic commodities." Few realize how economically fashionable stockpiling has become. First applied to a handful of "strategic materials" it is now being extended to such things as textiles (osnaburgs), sugar (for either alcohol or food), automobiles, scrap, hides, etc. It is simply the going phrase for Government ownership, and an ironic reflection on the inaccuracy of one-time Socialist dreams that government ownership would come primarily through ownership of "the means of production."

Rationing (plus industrial allocations) also shrunk the free

(Continued on page 654)

Market Looks Higher

Prospects for the future of the market appear brighter than they have been in some time, according to the recent issue of "Investors' Weekly Trend Analysis," prepared by Norman H. Adelson, of H. G. Einstein & Co. "Despite the grave war news in the Pacific theatre and Singapore," says the study, "despite the certainty of a substantially increased tax burden on the corporations of the country—despite the prevailing pessimism over rising costs and reduced earnings, there is every reason to believe that the market is looking beyond and ahead of current news and begins to see better news for the future. It may be that inflationary tendencies are taking hold or that a brighter war picture looms ahead. It may be that the reasons for higher stock prices are not yet apparent. Regardless of the reasons, however, it appears that the market future has turned brighter than it has been at any time recently.

"It is most important to note that from the news angle, there was every reason for an important decline to materialize in the last few weeks. Reverses in the Pacific coupled with threats of severe taxes offered ample excuses for an important decline. The fact that the market has resisted this news makes it appear that the technical position has improved—improved to such an extent that it is now safe to take on long commitments.

"It is also important to select securities carefully, particularly in regard to tax liabilities. Securities which might suffer severely from a high excess profits tax based on percentage of invested capital should be avoided."

DIVIDEND NOTICES

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 9 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Feb. 11 and to mature May 13, 1942, which were offered on Feb. 6, were opened at the Federal Reserve Banks on Feb. 9. The following details of this issue are revealed:

Total applied for----$399,966,000

Total accepted ---- 150,049,000

Range for accepted bids (excepting two tenders totaling $230,000):

High—99.950. Equivalent rate approximately 0.198%.

Low—99.932. Equivalent rate approximately 0.269%.

Average Price—99.937. Equivalent rate approximately 0.250%.

(17% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 11 in amount of $150,018,000.

Stokes, Wolf & Co. Add Wm. Carley To Staff

CHICAGO, ILL. — William Mortimer Carley has become associated with Stokes, Woolf & Co., Inc., 105 South La Salle Street. Mr. Carley, who has been active in the investment banking business in Chicago for many years, was formerly a partner in Carley & Co., and prior thereto was a partner in Carley, Pattison & Co. and its predecessor, Philip F. Pattison & Co., and was with Morrill, Clarke & Rich.

Dentone With Dean Witter

(Special to The Financial Chronicle)

STOCKTON, CALIF.—Leo A. Dentone, formerly local manager for H. R. Baker & Co. and Associated American Distributors, Inc., has become associated with Dean Witter & Co., 18 South Sutter Street.

N. Y. Curb Re-Elects Moffatt Chairman

At the annual election of the New York Curb Exchange held on Feb. 9, Fred C. Moffatt was reelected as Chairman of the Board of Governors for a term of one year. In addition to Mr. Moffatt, five Class "A" Governors, four Class "B" Governors, and two trustees of the Gratuity Fund were elected for a term of three years, one Class "B" Governor for a two-year term, one Class "B" Governor for a one-year term, and one trustee of the Gratuity Fund for a one-year term.

The newly elected Governors and Trustees, together with their firm affiliations follow:

Members of the Board of Governors (Class "A") (Three-year Term)*

William H. Hassinger, Garvin, Bantel & Co.; William S. Muller, Frederick J. Roth, H. L. Buchanan & Co.; Thomas W. Bartsch, W. R. K. Taylor & Co.; Mortimer Landsberg, Brickman, Landsberg & Co.

*Members of the Board of Governors (Class "B")** (Three-year Term)*

W. Palmer Dixon, C. M. Loeb, Rhoades & Co.; Allen J. Nix, Riter & Co.; James G. Tremaine, Gude, Winmill & Co.; Herbert L. Wisner, Penington, Colket & Wisner.

Trustees of the Gratuity Fund (Three-year Term)

E. I. Connor, Wilcox & Co.; E. M. Williamson, Thomas Marsalis & Co.

Member of the Board of Governors (Class "B") (Two-year Term)

Charles E. Judson, C. E. Judson & Co.

Member of the Board of Governors (Class "B") (One-year Term)

Benjamin B. McAlpin, Jr., Laird & Co.

Trustee of the Gratuity Fund (One-year Term)

George Herrel, Wagner, Stott & Co.

*Class "A" Governors, of which there are 15, are regular members of the Exchange.

**Class "B" Governors, of which there are 12, are associate member partners or non-member partners of regular or associate member firms doing business for the public.

RR Issues Look Good

According to B. W. Pizzini & Co., 52 Broadway, New York City, specialists in railroad securities, the 9% stock of Atlanta & Charlotte Air Line Railway and the 4% stock of Beach Creek Railroad are particularly attractive at current levels. The situation in these two issues is discussed in the B. W. Pizzini & Co. "Guaranteed Stock Quotations" for February which also contains prices and other interesting data on guaranteed stocks of railroads throughout the nation. Copies of the "Quotations" may be had from the firm upon request.

PERSONNEL ITEMS

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

(Special to The Financial Chronicle)

BOSTON, MASS. — **Lillian Thomas Frost** has become associated with **Clyde F. Frost Co.**, 10 Post Office Square.

(Special to The Financial Chronicle)

BOSTON, MASS. — **George C. Adams** has been added to the staff of **Trust Funds, Inc.**, 89 Broad St.

(Special to The Financial Chronicle)

BRIDGEPORT, CONN.—**Frederick J. Hilton** has become associated with **First Investors Shares Corp.**, whose main office is located in the Graybar Building, New York City.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Wiley W. Glass**, for many years associated with Knight, Dickinson & Co. and its predecessors, has become affiliated with **Blyth & Co., Inc.**, 135 South La Salle St.

(Special to The Financial Chronicle)

CHICAGO, ILL. — **Frank E. Wanamaker** has joined the staff of **Benjamin Lewis & Co.**, 135 South La Salle St.

CHICAGO, ILL. — Announcement is made by **The Illinois Company of Chicago**, 231 South La Salle St., that **Stephen J. Frawley**, formerly with Knight, Dickinson & Co., has joined their sales organization. Mr. Frawley, a graduate of the University of Wisconsin, had been with Knight, Dickinson & Co., and its predecessor organization, Nichols, Terry & Dickinson, since the organization of the last named in 1930.

(Special to The Financial Chronicle)

EAU CLAIRE, WIS.—**Austin T. Ryan** is now affiliated with **Bingham, Sheldon & Co.**, whose main office is located at 735 North Water St., Milwaukee, Wis. Mr. Ryan was previously connected with Knight, Dickinson & Co. of Chicago and its predecessors for many years.

(Special to The Financial Chronicle)

FT. WAYNE, IND.—**Carl E. Schnee has** become connected with **Merrill Lynch, Pierce, Fenner & Beane**, Old First Bank Building. Mr. Schnee was previously with Central Securities Corporation.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Roswell Moore** is now associated with **Eddy Bros. & Co.**, 33 Lewis St.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Willard A. Snow, Jr.**, has joined the staff of **Lee Higginson Corp.**, 36 Pearl St. Mr. Snow was formerly with Paine, Webber & Co., Lazard Freres & Co., and Stone & Webster and Blodget.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Cedric R. Boardman**, formerly with C. S. Bissell & Co., has become connected with **Merrill & Co.**, 36 Pearl St.

(Special to The Financial Chronicle)

LONG BEACH, CALIF.—**Ruth E. Tay** is now with **Protected Investors of America**, whose main office is in the Russ Building, San Francisco. Miss Tay was previously with Morrison Bond Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Kenneth H. Thompson** has become affiliated with **G. Brashears & Company**, 510 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **E. Bruce Jensen** and **Alexander Leitch**, previously with M. H. Lewis & Co., have been added to the staff of **Fewel, Marache & Co.**, 453 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Lester J. Washburn**, previously with Morrison Bond Co., is now with **Protected Investors of America**, whose main office is in the Russ Building, San Francisco.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**W. D. Thompson** is now with **Franklin Wulff & Co., Inc.**, Bank of America Building.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — **Arthur J. McHenry**, formerly with Dean Witter & Co. and Wm. Cavalier & Co., is associated with **Davies & Co.**, Russ Building, San Francisco.

(Special to The Financial Chronicle)

PORTLAND, MAINE — **Robert D. Eastman** has joined the staff of **Chas. A. Day & Co., Inc.**, Sears Building, Boston, Mass.

(Special to The Financial Chronicle)

ST. LOUIS, MO. — **Robert W. Maysack** is now with **Reinholdt & Gardner**, 400 Locust Street.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**H. K. Andreasen**, formerly with Guardian Securities Corporation, Ltd., has become associated with **Franklin Wulff & Co., Inc.**, Russ Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF. — **Arthur Fuller** is now connected with **Wulff-Hansen & Co.**, Russ Building. Mr. Fuller was previously with Revel Miller & Co.

(Special to The Financial Chronicle)

SANTA ANA, CALIF. — **Randolph Roland** is now with **Franlin Wulff & Co., Inc.**, Spurgeon Building.

(Special to The Financial Chronicle)

SPRINGFIELD, MASS.—**Bertrand H. Thompson** has joined the staff of **Tifft Brothers**, 1387 Main Street. Mr. Thompson was previously with Bond & Goodwin, Inc.; Thomson & McKinnon and Clark, Childs & Keech.

(Special to The Financial Chronicle)

TAMPA, FLA. — **Edna L. O'Harra** has become associated with **Bedford Securities Corporation**, 505 Twiggs Street. Miss O'Harra was formerly in business for herself in Cincinnati, Ohio, and New York City.

(Special to The Financial Chronicle)

WAUSAU, WIS.—**Arthur E. A. Mueller**, for many years with Northern Wisconsin Securities Co., has become connected with **A. C. Allyn & Co.**, 100 West Monroe Street, Chicago, which maintains a branch office in Milwaukee in the First Wisconsin National Bank Building.

Tomorrow's Markets Walter Whyte Says—

Price decline again places market in critical position. Foreign and domestic news partly responsible. "Stops" should not be ignored.

By WALTER WHYTE

So it happened again. For more than two weeks this column has been telling you that the market didn't look good, and for two weeks the market did nothing or it went up. Anyway the rails did. So last week I decided I was wrong. I even suggested buying a couple of stocks. But it seems that no sooner did I come out with this world shaking intelligence than the market, as if to prove what a keen observer I am, began turning down. I wasn't happy sitting way out on a limb. I had to crawl back. So I got caught on a branch and cannot move either forward or back. If I move forward, the branch may break; if backward, I'll rip my pants. It's a case of I'll be damned if I do and damned if I don't.

* * *

One of the banes of this business of buying and selling them, for what we hope will be profits, is the ever present danger of being whipsawed. That is just where I am now. If I turn bearish now, the market may go up and leave me with nothing

(Continued on page 660)

SEC Registration Revoked

The SEC, denying the application of Polk-Peterson Corp. of Des Moines, Iowa, to withdraw its registration as broker-dealer, revoked the registration and expelled the corporation from membership in the National Association of Securities Dealers, Inc.

The SEC charged that the corporation had, at a time when it had no net capital employed in its business as a broker, owed substantial sums to various customers, banks and other brokers, and had caused the sale of securities held by an investment company controlled by it and had borrowed the proceeds on notes collateralized by stock of the corporation which was insolvent.

Gets Suspended Sentence

ST. PAUL, MINN.—A suspended sentence and a fine of $500 was given David Golden, a former SEC investigator, on charges of offering for sale unregistered securities. Mr. Golden's counsel indicated he would probably appeal.

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—36⅝, low—14¾, last—34⅝.

N. Y. Stock Exchange Weekly Firm Changes

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

John L. Loeb, general partner in Carl M. Loeb, Rhoades & Co., New York City, became a special partner in the firm as of Jan. 1.

The main office of Matheson & Lauro will be at 11 Wall Street, New York City, effective Feb. 9th, the office in Miami, Florida, becoming a branch in charge of a resident partner.

James M. Kerr, Jr., member of the Exchange, and a partner in Kerr & Armstrong, New York City, died on Jan. 31st

William M. Newsom, partner in Lawrence Turnure & Co., New York City, died on Feb. 1st.

Glenn G. Munn and Francis W. Wheeler retired from partnership in Paine, Webber & Co. on Jan. 29th. William S. Markle, partner in Paine, Webber & Co., with headquarters in Detroit, Michigan, died on Jan. 29th, on which date his interest in the firm ceased.

Alden C. Towne, partner in Elmer H. Bright & Co., Boston, Mass., died on Jan. 30th, his interest in the firm ceasing as of that date.

Interest of Saunders Hobson, deceased, in Davenport & Co., Richmond, Va., ceased, effective Jan. 29th.

Interest of W. David Owen, deceased, in Hornblower & Weeks, ceased as of Jan. 31st.

Interest of Peter McDonnell, deceased, in McDonnell & Co., New York City, ceased as of Jan. 24th.

Edward Therieau Now With Bankamerica Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Edward F. Therieau has become associated with Bankamerica Company, 650 South Spring Street. Mr. Therieau was formerly manager of the trading department for Barbour, Smith & Co., and prior thereto was proprietor of Therieau & Co. and was a partner in O'Neil & Co.

W. C. McGuckin With Graham, Parsons Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — William Criss McGuckin is now connected with Graham, Parsons & Co., 10 Post Office Square. Mr. McGuckin was formerly a partner in Williams and Southgate, which recently merged with Graham, Parsons & Co.

RAILROAD SECURITIES

The outstanding performance of Western Pacific (in process of reorganization under Section 77) from a traffic and earnings standpoint has been directing increasing attention toward the 1st Mortgage 5s, 1946. On relatively heavy volume these bonds have recently advanced close to the 1941 high and are selling almost 100% above last year's low. One reason for the renewed speculative interest in the bonds has been the growing belief that if the plan of reorganization has to be reopened by the Commission the bonds will almost certainly receive either a substantial cash payment for back interest or materially better treatment in a revised reorganization proposal, and perhaps both. Thus the possibility of further delay in consummation of a reorganization holds ample compensation. The Western Pacific reorganization was the first to be turned back by an appeals court on the basis of inadequate valuation data and this decision will now be appealed to the Supreme Court.

Under the ICC plan of reorganization, the first mortgage 5s are not to receive any allotment of new fixed interest debt. Aside from equipments the only fixed debt would be $10,000,000 of 1st 4s which are allotted to the outstanding trustee's certificates on a par for par basis. The 1st mortgage 5s are to receive $400 in new income 4½s, $600 in 5% preferred and 4.67 shares of common for each $1,000 bond and accumulated interest to Jan. 1, 1939, the effective date of the plan. Under this plan holders of the present 1st 5s would receive more than 90% of the new income bonds and new preferred, and about 72% of the new common. The balance of the new securities would be distributed among the RFC, the RCC and the A. C. James Company.

Even aside from the phenomenal earnings rebound, the position of the 1st mortgage 5s has been enhanced materially by the rapid accumulation of large excess cash reserves. Cash and special deposits as of Nov. 30 aggregated $9,357,000, or approximately two-thirds higher than a year ago, and it is believed that this was increased in December. Even under stress of the present heavy traffic the road needs a working balance of less than $2,000,000 cash. There is an excess cash balance of some $7,500,000.

The company last summer requested court authority to use $5,000,000 of the cash to retire half of the trustee's certificates, but the petition was denied by both the District Court and the Circuit Court of Appeals. It was held that the cash belonged to the old 1st mortgage bondholders as earnings on their new securities, to be distributed on consummation of the plan. Accumulated earnings on securities (exclusive of new common) to be received by holders of the old 1st mortgage 5s are indicated at $90 per bond as of the end of 1941. This is equivalent to approximately one-third of the present market value. Payment of accumulations on the new income bonds and preferred stock would involve an outlay of less than $4,800,000, and still leave a substantial excess cash balance.

If the plan is remanded to the ICC, and changes are made therein, it is possible that cash would then be used for payment of trustee's certificates. On that basis it would be possible, without increasing the proposed fixed debt of the new company, to allocate at least 20% of new 1st mortgage bonds to holders of the old 1st 5s. Either angle holds interesting price potentialities.

Augmenting the possibility of highly favorable reorganization developments, the road has turned in the best operating performance of any of the Class I roads commanding any degree of public interest. As early as 1940 revenues pushed above the 1929 boom levels, and there was a further rise of 37.5% in gross last year. Moreover, in the current year to date traffic has been running more than 50% above the like 1941 weeks and there are no indications of a let-down. In part, this performance has naturally been due to war considerations, such as establishment of army camps, etc., in the service area, and to this extent is temporary. Nevertheless, there is ample evidence found in pre-war traffic performance of important basic improvement in the company's status.

There has been a notable increase in industrial activity in the west coast area in recent years and this has been stimulated by the war. A large proportion of these new plants will hardly be abandoned in a peace economy. In this connection, the sharp expansion in steel mill capacity at Provo, Utah, now under construction, is significant. The mills are not on Western Pacific lines but it is expected that a large share of the westward movement of finished goods will be over these lines. This may be considered as a permanent accretion to the road's economy. Other factors have been the construction of an extension in California to a connection with Great Northern and the completion some years ago of the Denver's Dotsero Cut-off. Comprehensive rehabilitation work done on Western Pacific's lines has put the properties in shape now to benefit in full from these competitive improvements. These considerations may also be considered permanent factors.

As a measure of the conservative nature of the proposed reorganization, and an indication of the potential earning power of the new securities, fixed charges were proposed at $494,000 per annum. In comparison, average earnings available for charges in the 1931-1940 period amounted to $1,233,000. It is indicated that there was $4,464,000 available last year, equivalent, without tax adjustment, to more than $2.80 a share on the proposed new common.

Irving Passarino Joins Wheaton & Roberts Staff

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—Irving Passarino has become associated with the firm of Wheaton and Roberts, Bank of America Building. Mr. Passarino was formerly local manager for Fox, Castera & Co. and prior thereto served in the same capacity for H. R. Baker & Co.

Bank and Insurance Stocks

This Week — Bank Stocks

One of the most satisfactory banking trends for stockholders and investors who wish to be kept well informed is the trend among the larger banks toward more complete reports of earnings.

Possibly stimulated by New York State Banking Superintendent White's suggestion that banks should furnish stockholders more operating data, two "old-line" New York institutions have published for the first time detailed income account data. Another trust company, although having a small number of stockholders, has also furnished the statistical services with comparative income account for the first time.

The number of leading New York institutions publishing complete income account has thus risen to eight, while the other eight of the 16 weekly reporting Federal Reserve member banks have also shown a disposition to issue more complete earnings information, although they do not furnish gross earnings or sources of gross and types of expenses to stockholders. All of these banks, of course, furnish the Federal Reserve with detailed half-yearly and yearly income statistics, but regrettably these figures are published only in the aggregate for the 16 banks and are not made available to stockholders by the individual banks.

Why should earnings data be important? From an accounting point of view, a statement of condition alone is only a "still" picture as of a particular date of assets and liabilities in very condensed form. Figuring "indicated earnings" from statements of condition, by taking the net increase in capital funds and crediting dividends paid, is a very unsatisfactory method for stockholders to judge earning power, because of the wide differences in including security profits in net profits, building up of reserves from operating earnings, and treatment of recoveries from charge-offs. Frequently, such a method penalizes conservative banks.

At this particular time, when rising taxes and other costs are making stockholders uncertain about the future of dividends and causing them to ask bank management numerous questions, a most effective way of reassuring stockholders about ability to absorb rise in costs, promoting stockholder understanding of such problems and reducing the wasteful number of similar inquiries from numerous sources, would be to publish an income account. This information is all prepared and available—it is just a question of releasing it.

Some bankers feel that releasing gross earnings, for example, would be misleading to stockholders in particular cases where the very short-term policy on investments has reduced income from investments. But stockholders interested in such data are hardly likely to miss the point that gross earnings and operating ratio are at particular levels because of this extra-conservatism on maturities.

Other bankers feel that figures do not mean anything—it is management that counts. Unfortunately, the 1929-1932 deflation shows that buying management on "sight unseen" is not always reliable. Good management reflects itself in good figures; granting that the intangible of management is most important, there should be no objection to releasing figures that will confirm the quality of management.

In the days before the numerous capital increases, reductions in par values, mergers, and consequent growth in lists of stockholders of the late '20s, bankers could well justify the statement of condition as enough information for the public because the banks were mostly owned by a relatively few large holders who could be given detailed information confidentially upon the asking. Then, too, "indicated earnings" method of calculating earnings was probably more reflective of true earnings because of the minor portion of earning assets in investments and more "normal" charge-offs and recoveries.

Today, however, the large number of stockholders and the more complex disposition of operating earnings appear to justify fully the publication of the income account. It is to be hoped that other leading banks will see fit to do so in 1942.

The eight banks which have published gross and net operating earnings indicate total 1941 gross of $92.8 million, compared with operating expenses of $52.7 million, or a rather thrifty operating ratio of only 56.7%. The seven for which comparable 1940 data are available show a gain of $4,950,000, or 7% in gross earnings for 1941, a modest improvement considering the general 18% upturn in earnings assets. However, all of the seven participated in the upturn in gross, with increases ranging from 1% to 11%.

Operating expenses, however, rose at a somewhat faster pace, an increase of $4,095,000, or 10%. The rise in expenses was also general, ranging from 3% to 15%. This led to more mixed results on net operating earnings — although four banks showed gains in net operating earnings of 1% to 13%, three showed declines ranging from 0.3% to 5%. The seven as a group, however, showed an $885,000 (3%) gain in net operating earnings, which meant that 18% of the year's gain in gross was brought down to net. This is a smaller proportion than the operating ratio would allow and of course reflects the rising tendency in expenses, especially taxes.

For 1942, this upward trend in expenses is continuing but the banks could meet it by increasing gross further through carrying larger volume of Government securities. Larger Governments appear necessary, to cover increased expenses, offset possibly decreased loans and help finance the war effort. War financing might indeed mean lengthened maturities and consequently better investment earnings for the extra-conservative "short-term" banks. However, with money rates probably continuing low, it will continue to take a large amount of volume to produce a given earnings improvement after higher taxes, so that size of capital funds would ordinarily tend to set a limit on volume expansion.

Comparative gross earnings, operating expenses, net operating earnings and operating ratio of the banks above referred to, follow:

		Gross Earnings	Operating Expenses	Net Operating Earnings	Operating Ratio (Expenses to Gross)
Bankers Trust	1941	$19,468,000	$11,501,000	$7,967,000	59.1%
	1940	18,559,000	10,160,000	8,399,000	54.7
Chemical	1941	12,563,000	7,355,000	5,208,000	58.5
Commercial Nat'l.	1941	2,424,000	1,654,000	769,000	68.3
	1940	2,223,000	1,461,000	762,000	65.8
First Nat'l.	1941	15,241,000	4,445,000	10,795,000	29.2
	1940	13,761,000	3,866,000	9,895,000	28.1
Irving Trust	1941	10,748,000	7,247,000	3,501,000	67.4
	1940	9,688,000	6,588,000	3,100,000	68.0
Manufacturers Tr.	1941	20,833,000	13,515,000	7,318,000	64.9
	1940	19,793,000	12,454,000	7,338,000	62.9
New York Trust	1941	7,220,000	4,539,000	2,680,000	62.9
	1940	7,114,000	4,354,000	2,760,000	61.2
U. S. Trust	1941	4,307,000	2,411,000	1,895,000	56.0
	1940	4,153,000	2,336,000	1,787,000	56.2

JOTTINGS

(Continued from page 651)

market; by opening or closing the ration valve Washington can influence price without resort to the new Act.

Subsidies black out another part of the free price structure. Copper can be held nominally at 12 cents though some producers may be getting 17; farmers may get some of their "parity price" through bounties and subsidies instead of in the open market.

Subsidies to **consumers**, like those hidden in the pre-war "food stamp" distribution, are growing, and come out of the Treasury.

In fact, the free price system is thus, at least for the duration, fast disintegrating into two-priced, multi-priced, subsidized, or artificially restricted or stimulated markets and the function of price is being taken over by fancy Government bookkeeping.

Suppose, for instance, that the CCC sells some of its cotton to the Army, which has it fabricated by a textile mill while retaining ownership, and then uses up the product in battle. What difference does the price make?

Price-control may soon turn out to be little more than a prelude to rationing. Certainly already it is a tip-off to it, and if rationing has not heretofore followed price control it has been largely because Washington has been slow and unprepared to ration.

The real unplugged loophole in the Price Control Act is not in farm prices but in the wages of labor; for there is still a surplus, though a shrinking one, of farm products, but not of labor. The War Labor Board is, in effect, the price control authority for labor but it has yet to impose any ceilings.

There's still conflict in Washington for Donald Nelson to straighten out. For instance those half-dozen agencies with a finger in sugar. At least five agencies have a finger in labor matters—NLRB, Wage & Hour Division; Conciliation Service; War Labor Board, and the Labor Division of WPB. And price control is two-headed — though that's hardly Nelson's problem. Contrariwise Eastman's Transportation Board and the ICC seem to be doing an efficient, fast, cooperative job.

Don't think because you live in New York or Chicago where there's electric power to burn that you won't see power curbs. Those generators are movable, and they'll move. A much dimmer Times Square will probably be the first result, as the big signs go out for the duration. Upright electric display signs also contain a good deal of high-grade metal.

North American's Union Electric may soon be on the market. It is the biggest operating company in the Mississippi Valley and an exceedingly well-run company, thanks in considerable part to North American, whose latest move has been to clean house and put in a new President, Wesley McAfee, who looks likely to bring a much-needed improvement in its public relations. A fair thumb-hand figure on last year's earnings is $3 a share. And it serves a city, St. Louis, which has the coal, water, labor and—most important—inland position for a vast increase in war plants.

Censorship begins to bind. More and more manufacturers stop talking about their business—including their production achievements. The sunlight of the "full-disclosure" provisions of the '33 Act is gradually going behind the clouds of censorship. An industrialist whom you know recently said too much at a press conference and some of the stuff had to be yanked out of the press forms after the first editions.

Miscellaneous. . . . John Fleek himself seems to be responsible in good part for the more friendly attitude of the Treasury toward investment bankers. . . . American Airlines had to advertise to offset the impression that was getting round of seat-shortages. Some people weren't even bothering to try to get flight-transportation when actually there was plenty. . . . The container companies won't be hurt by the radical simplification in containers to civilians; they'll get more than an offset in container orders from the services. . . . Just as the utilities may suffer by transfer of power from residential to industrial use so the oils may suffer by loss of gasoline business and change in cracking ratios to lower-priced fuels for diesels and heaters. . . . It looks as though economics is about to change from a branch of metaphysics to what might be called a "moral science."

Interested In Sugar?

An analysis of the Amalgamated Sugar Company prepared by Edward L. Burton & Company, 160 South Main Street, Salt Lake City, Utah, has just come off the press. Burton Company will send copies of this analysis or an analysis of the Utah-Idaho Sugar Company upon request.

Fla. Bonds Attractive

Florida municipal bonds seem particularly attractive at current prices, according to a memorandum just issued by Allen & Co., 30 Broad Street, New York City, since the stagnant condition of the Florida bond market has created an unwarranted falling off in prices. Copies of the memorandum, discussing in some detail many favorable points in the situation, may be had upon request from the firm.

Allen & Co. 20 Years Old

Allen & Co., 30 Broad Street, New York City, over-the-counter security dealers, are celebrating the 20th anniversary of the founding of the firm.

Oppose Treasury Plan To Tax Tax-Exempts

The New York State Chamber of Commerce unanimously approved on Feb. 5 a report of its Committee on Taxation criticizing the attempt to tax outstanding tax-exempt bonds as "an act of bad faith" which, said the report, if successful, would be an act of dishonor which would impair confidence in the pledges of the Government. It also took exception to "the method" of the present attempt to tax future State and municipal issues. The report asserted that "if so drastic a change as this is to come in our form of government, it should come only through a constitutional amendment, duly submitted to the people and adopted by them. It should not come by Administration ukase nor by the U. S. Supreme Court reversal of settled law." The report deprecated "the false cry that tax-exempt bonds were a 'haven for rich men'" when the fact was that Treasury records disclosed that only 5% of the estates of wealthy decedents for 10 years have been invested in State and municipal securities.

Commenting upon the "startling declaration" of Secretary Morgenthau on Jan. 24 (referred to in our Feb. 5 issue, page 573) that "it is high time . . . in my opinion to tax the income of State and municipal securities—not only the income from future issues, but also the income from those issues now outstanding," the report said:

> Up to the present juncture the Chamber has proceeded on the assumption that every American could rely on the repeated assurances both from the Treasury and the President of the United States that it would be immoral to tax outstanding Federal, State or municipal bonds issued and bought in good faith upon the understanding of the Treasury and investors generally, that under existing law they were tax-exempt.

Pointing out that Secretary Morgenthau in his statement mentioned only State and municipal securities, the report asked: "Does the Secretary of the Treasury mean that outstanding United States Treasury tax-exempts are not to be taxed? If so, then what becomes of his argument that such bonds are 'a haven for rich men'?" The Federal Government will have to tax these bonds to destroy the so-called "haven," or else U. S. Government bonds will be privileged over State and municipal, the report said. The report further said:

> The Treasury Department recognizes that up to the present time all State and municipal bonds have been regarded as immune from Federal taxation. Millions of dollars of these securities have been purchased in reliance upon the court's rulings, the Treasury's rulings and the assurances of the Government that outstanding securities would not be taxed. We have been lulled into sleep in believing that the matter was one merely involving future issues and that the power to do this was pending in the courts.

The report was signed by William J. Schieffelin, Jr., as Chairman, and George W. Bovenizer, Charles B. Couchman, Cleveland E. Dodge, Peter Grimm, Otto E. Reimer and Harold S. Sutton.

Hoysradt Recuperating

Warren J. Hoysradt, Vice-President of First of Michigan Corporation, with headquarters at their office at 1 Wall Street, New York City, is in the Lawrence Hospital, Bronxville, N. Y., convalescing from an attack of pneumonia.

THE BOND SELECTOR

CARRIER CORPORATION CONV. 4½s, 1948

Company's Attempt to Revise Sinking Fund Provisions of Interest to Bondholders

Carrier Corporation is the leading factor in the air conditioning industry. The company designs, fabricates and installs air conditioning systems, and manufactures refrigerating, heating, air handling, humidification control and other apparatus and equipment relating to air conditioning and to industrial and commercial refrigeration.

There are three principal markets for the company's equipment. The largest of these includes buildings, ships, stores, railroad cars, restaurants, theaters, hospitals, etc. The second embraces those industries whose manufacturing processes require, or are aided by control of temperature and humidity — these include rubber, oil, textiles, pharmaceuticals, explosives, chemicals, bakery and other food products, tobacco, candy and chewing gum. The third market, which is really in its infancy, is the air conditioning of homes.

The residential market lends a distinct element of growth to the future of Carrier's operations. The company has introduced into this field direct-fired air conditioners, room coolers and other new equipment, in addition to its regular facilities for summer cooling and dehumidification. Other supplementary equipment manufactured includes oil and gas burners, bituminous and anthracite stokers, boilers, room ventilators and humidifiers. Carrier manufactures all the air conditioning and refrigerating equipment for Safety Car Heating & Lighting Co., which is installed in railway passenger cars.

The National Defense Program and more recently the country's all-out war effort has done a great deal to increase the demand for Carrier's equipment. Chief uses for its air conditioning items, insofar as Government needs are concerned, are naval and merchant ships, army cantonments, air bases, aviation plants and other factories working on war orders.

During 1941, the company's fiscal year was changed from one ending Dec. 31 to Oct. 31. Consequently operations reported for the 1941 fiscal year represent only 10 months' activities. Completed contracts and net sales for that period totaled $14,884,000, compared with $13,047,000 for the full 12 months of 1940. Sales in the calendar year 1941 were at a level somewhat in excess of those of 1937, the largest in the company's history. Income available for fixed charges in the 10 months of 1941 of $1,266,000 was by far the largest and well exceeded the $880,000 in the full 1940 year by a good margin. Fixed charges were earned 13.49 times in the 1941 period, compared with 6.74 times in 1940.

Despite the high level of sales and satisfactory showing of interest coverage before taxes, the company apparently is experiencing a severe cash drain due to the necessity of maintaining substantial inventories in addition to providing for a large increase in taxes. In 1940, the Federal tax bill amounted to $186,668 and an additional $50,000 was charged against earnings as a reserve in case the Government claimed that excess profits taxes were payable; the company then stated it would contest any such claim. For the 10 months of 1941 covering the new fiscal year, Federal taxes charged against earnings jumped to $609,000. Whereas cash stood at $515,639 at the end of 1940, it had shrunk to $332,837 at Oct. 31, 1941. During the same period inventories increased from $2,396,000 to $4,897,000, and the reserve for taxes jumped from $329,000 to $893,000. Since the balance sheet was published at Oct. 31, 1941, the company has been forced to borrow $500,000 from banks and states that additional borrowings would be necessary shortly.

Taxes and increasing investment in inventories, however, are not the only reasons the company finds itself in a tight cash position. Coupled with these two factors, neither of which can be controlled at will, is another uncontrollable cash drain: the sinking fund requirements on the company's sole outstanding funded debt, the convertible 4½s, 1948, which were issued late in 1938. The indenture of these debentures provides that Carrier pay into the sinking fund each month $5,000 for purchase and/or retirement; and in addition the company is obligated on or before the first of June each year to pay into the sinking fund "20% of consolidated net earnings for the preceding fiscal year." These consolidated net earnings are **before** income taxes. In the 1941 fiscal year, consolidated earnings before taxes, but after all other charges, including interest, amounted to roundly $1,125,000. Conforming to the sinking fund requirements, then, Carrier is obligated to pay in 1942 $60,000 plus $225,000, the latter representing 20% of last year's consolidated net earnings before taxes. This totals to $285,000, or close to 14% of the principal amount of debentures outstanding at Oct. 31, 1941.

Since the company feels that this combination of taxes, inventory needs and sinking fund requirements is "unbearable," it is calling a meeting of stockholders on Feb. 24 to vote on a change in the sinking fund provisions of the indenture. According to latest reports, the company will suggest that the sinking fund receive $60,000 annually **or** 20% of net earnings **after** all taxes, whichever is higher. In the 1941 fiscal year, 20% of net income would have amounted to about $103,000. This change would result in a considerable saving to the company during the current trying period and, in the final analysis, might be the best course to take as far as the debenture holders are concerned since their position is not being bettered so long as cash is continually being depleted and the company has to take recourse in constantly larger bank loans. Carrier intends to make some sort of inducement to the debenture holders through an offer of cash and/or serial notes, and/or common shares in such amounts as the directors may authorize.

Traded over the counter, the debentures are currently quoted around 94¾-95¼.

Investment Trusts

Market of Stocks

(Reprinted from "Bulletin," Feb. 5, 1942, published by Calvin Bullock, sponsors of Dividend Shares and other investment companies.)

In the six months ended Jan. 31, 1942 the price of one of the leading "investment stocks" (American Telephone) listed on the New York Stock Exchange declined more than 40 points, or 24%. Another "investment favorite" (du Pont) declined 22%; still another (Standard Oil of New Jersey) advanced 15%. These substantial fluctuations in three issues which have long been considered outside the speculative category serve to emphasize the problems of selection which confront investors today. Nor are these exceptions to the rule. A survey of market quotations of so-called "blue chips" on July 31, 1941 and January 31, 1942 reveals some startling changes.

It used to be supposed that an investor who could correctly predict the course of the general market could buy or sell leading stocks with reasonable assurance that his results would be as good as the average. That was always a dangerous assumption. Today, however, it is especially risky. The special problems stemming directly or indirectly from our war effort have transformed the stock market into a "market of stocks."

Even with the ability and the facilities for making individual selections with the greatest care, and even granted the time and facilities necessary to watch them constantly, there are no assurances of success. This procedure, however, minimizes some of the risks and, if combined with adequate diversification, it does provide a program which should result in greater stability as to principal and as to income return.

These features of diversification and constant supervision are basic principles of well-managed investment companies. In times such as these, the soundness of these principles becomes increasingly apparent to conservative investors.

To illustrate the point further, the following tabulation has been prepared to show the market contrast in the quotations for stocks of 10 leading companies in 10 different industries from the time of Dunkirk in 1940, when market averages reached their lows for that year, to the end of January, 1942. In this period, the Dow Jones Composite Average shows but a small net change, the Industrial Average a decline of 2.4% and the offering price of Dividend Shares a rise of 7.1%. By contrast, note the extreme divergence in quotations for the 10 typical stocks:

CHANGE IN MARKET QUOTATIONS
June 10, 1940 Low to January 31, 1942

	Low June 10, 1940	Close Jan. 31, 1942	% Change
American Telephone	147½	127⅜	—13.6%
Anaconda	19½	27	+38.4
Consolidated Edison	23½	13½	—42.5
du Pont	146½	127	—13.3
General Electric	28½	27⅛	— 4.8
Montgomery Ward	33½	28⅓	—16.0
Pennsylvania RR.	16	23¾	+48.4
Standard Oil (N. J.)	32¼	39⅞	+23.6
United Aircraft	39¾	31	—22.0
U. S. Steel	43⅛	52½	+21.7
Dow Jones Averages { Industrial	111.84	109.11	— 2.4
Dow Jones Averages { Composite	37.15	37.38	+ 0.6
Dividend Shares	.98	1.05	+ 7.1

The fact that all of the foregoing stocks have been in the portfolio of Dividend Shares during all or part of the period studied serves to underscore the

(Continued on page 657)

Municipal News & Notes

The interest bill of the nation's States and municipalities will ultimately be raised $175,000,000 if the Treasury succeeds in taxing their bonds, Julius Henry Cohen, general counsel of the Port of New York authority, warned on Monday.

New York City's interest would be $22,000,000 higher, or $1.30 on each $1,000 of taxable real estate, while the rise for the state would be $45,000,000, Mr. Cohen said.

Mr. Cohen charged that the Treasury would first seek to tax only future issues in the hope of getting a suit into the Supreme Court, which, he said, would then hand down a ruling that would make past issues taxable, too.

He described the court as "nine fountain pens all usable by a single hand."

"Once more the Treasury Department has added to proof that the purpose of its leaders is to concentrate all borrowing power in Washington to make the Treasury in all aspects dominant over the states and municipalities," he said. "If it succeeds we shall see the end of local self-government and of state government. Washington will have more 'parasites' lobbying for states and cities."

Governors Score Efforts to End Tax Exempts Bonds

The Conference on State Defense has announced that Governors Leon C. Phillips of Oklahoma, H. H. Adkins of Arkansas, Paul B. Johnson of Mississippi and Sam H. Jones of Louisiana joined in sending a telegram to the Senate Finance Committee and House Ways and Means Committee condemning the proposal of the Federal Government to tax State and municipal bonds.

The text of the Governors' telegram read:

"Vigorously oppose proposal of Federal Government to tax State and municipal bonds. Measure is unsound financially and unconstitutional."

The conference announced also that four New England Governors had expressed their opposition to the representatives in Congress from their state.

It is understood that in addition the Governors of other states throughout the Midwest and West have taken similar action.

Municipal Bond Tax Proposal Assailed

The attempt to levy against outstanding tax-exempt municipal securities was described last week by the Committee on Taxation of the New York State Chamber of Commerce as "an act of bad faith." The committee also took except to "the method" of the present attempt to tax future State and municipal issues.

The committee's report declared that "if so drastic a change as this is to come to our form of Government, it should come only through a constitutional amendment duly submitted to the people and adopted by them. It should not come by Administration ukase, nor by the United States Supreme Court reversal of settled law."

Pointing to the fact that Treasury records disclosed that only 5% of the estates of wealthy decedents for ten years had been invested in State and municipal securities, the report termed statements that tax-exempt bonds were a "haven for rich men" as "false cries which foster prejudice and are merely intended as a cover for centralizing financial power in Washington, and relegating the State and municipalities to the function of mere instrumentalities of the Federal Government."

Tax Exempt Housing Bonds Attract Notice

Housing authority bonds now are receiving further attention in municipal circles as a result of the questioning of the status of all classes of obligations exempt from Federal income taxes. The inquiries were touched off by the recent speech of Henry Morgenthou, Jr., Secretary of the Treasury.

Obligations of local housing authorities, followers of these issues point out, are in a different position than municipal and state issues as far as tax exemption is concerned.

All local housing authority bonds and interest from them are specified as exempt from all taxation "now or hereafter imposed by the United States" by the Federal Housing Act of 1937. To change this provision would contradict the purpose of the Act which was to provide low-cost housing, an end which is aided by low-cost borrowing through issuing tax-exempt securities, it is pointed out.

Federal tax exemption of housing bonds, it is also noted, does not depend on interpretations of the Federal Revenue Act and includes exemption from Federal surtaxes.

The South Produces For War

The third annual survey of the South, published recently by the New York "Journal of Commerce," seeks to describe the vital role which the natural and human resources of the area are playing in the war. In doing so, the editors have naturally stressed the South's continuing progress toward the industralization and diversification which its leaders have sought for many years.

The picture drawn by these authoritative contributors is one of increasing recognition by industry of the opportunities afforded in the South. The outbreak of the war in 1939 found the area rounding out a decade of accelerating industrial growth.

1. About 48% of the nation's oil production and 36% of its oil refining capacity are within the borders of the South.
2. It produces about 50% of the country's bituminous coal.
3. It has the capacity to produce about 25% of the country's electric power.
4. The South has about 75% of the active cotton mill spindles of the country.
5. It produces about 60% of the natural gas.
6. It produces 100% of the domestic bauxite from which aluminum is made.
7. It produces 100% of the naval stores, 100% of the sulphur, 100% of the carbon black, 100% of the phosphate rock.

New Jersey Tax Collections Up

General improvement in the financial condition of New Jersey municipalities was noted Monday by Walter R. Darby, State Commissioner of Local Government, in a statement on municipal finances at the close of 1941.

Mr. Darby called particular attention to tax collections, which he said represented 83.34% of levies last year, in contrast to 80.15% in 1940, 78.08% in 1939, 73.99% in 1938 and 71.51% in 1937.

Exact comparisons of municipal assets and liabilities for 1941 and 1940 were impossible, Mr. Darby said, because thirty-two municipalities failed to file reports last year and fifty-nine failed to in 1940.

The number of municipalities in default on obligations dropped from sixteen in 1940 to seven at the close of 1941, Mr. Darby reported.

Canadian Debt Surveyed

There is every indication from available figures that Canada's per capita debt at present is lower than in the United States and by the end of the current fiscal year the advantage will be definitely in the Dominion's favor, according to a booklet issued by the Dominion Securities Corp. It is observed that for many years the per capita debt of Canada was considerably higher than the United States, but that a tremendous change occurred between 1930 and 1940 with the result that the advantage to the United States dropped to only $30 and evidently this has now been also erased. During the depression the net direct and guaranteed debt of Canada increased 31% while that of the United States gained 175%.

Maryland Receives Many Bond Bids

Despite the fact that State and municipal bonds generally joined with other sections of the securities markets Tuesday in reflecting uneasiness over the war news, keen interest was displayed in new issue circles for the Maryland $522,000 offering. State officials received 18 bids and awarded the issue to Clark, Dodge & Co. of New York, on their bid of 100.45 for 1¼s. They were all sold privately by the succesful bidder so no public reoffering was made. It appears that buyers can always be found for worthwhile municipal flotations, notwithstanding war developments or threats from Washington.

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.

Feb. 12th (Today)

$975,000 Sheffield, Ala.

These bonds had originally been scheduled for sale on Jan. 16, 1941, but the offering was rescinded and postponed. The most recent sale of bonds on record for this city took place in 1937.

Feb. 16th

$1,480,000 Hartford Co., Metro. Dist., Conn.

This district awarded bonds in July, 1941, to Glore, Forgan & Co. of New York. The second best bid was entered jointly by Shields & Co., and Kaiser & Co., both of New York.

Feb. 17th

$750,000 Alexandria, Va.

This sale had been scheduled originally for Jan. 26th but market conditions at that time made the city officials decide on postponement. Last sale of bonds took place in January, 1939.

Feb. 25th

$4,000,000 Tacoma, Wash.

This city awarded bonds last August to a syndicate headed by John Nuveen & Co. of Chicago, whose alternate bid was also second best of the number received. The Union Securities Corp. of New York, and associates, entered the next highest offer.

Feb. 28th

$526,000 Monroe, La.

This city has not negotiated any bond sales recently.

The Securities Salesman's Corner

REVERSE ENGLISH

Back in the days when the writer was exerting his strenuous efforts trying to become a first-string substitute on the village high school basketball team we made our first acquaintance with "Reverse English." We would run under the basket, make a sudden twist and simultaneously twirl the ball in an opposite direction of the basket. If properly accomplished, this was a sure shot and the ball would neatly plump squarely through the hoop.

The other evening we were discussing certain things that bond salesmen talk about, with a friend of ours, who is also in the securities business. In the course of conversation, he told us about how he put some "Reverse English" on his sales efforts in connection with one large account and thereby walked off with some very profitable business. We think it's worth retelling.

There was an account upon which he had been working for many years. It was very large, as individual accounts go. The individual in question was a busy executive who always had many important considerations and details upon his mind. In addition, this man had accumulated a considerable fortune, almost entirely by the dint of his own efforts. He was in the category we call self made. No doubt, this was one of the reasons why he had a very definite mind of his own on almost any and every subject—his investment portfolio included.

There was always a goodly number of securities salesmen who attempted to see this account but only a limited few had an entree into his office. Of the half dozen salesmen on the preferred list, our friend was only getting a fair share of the available business. No one firm or salesman seemed to have the inside track into his confidence.

Although this investor owned several hundred large blocks of stocks and bonds which aggregated several million dollars he would never allow anyone to attempt a thorough supervisory approach to this large portfolio. Our friend on several occasions tried to convince this investor that such a large number of different holdings should have more attention and care than the limited time, which the executive could spare from his other duties, for this purpose. Such being the way of human nature no amount of logic could persuade this investor to give up his hit or miss personal management of his portfolio. There are people in this world who say, "I made it myself and I can take care of it myself." This was such a case.

Finally our friend did what common sense would dictate. He gave up trying to convert this investor to his way of thinking and he set out on a plan to get as much of the available business from the account as he possibly could secure. After thinking over the whole problem he finally came upon this idea of "Reverse English." He reasoned that all of the various securities men, who were friendly to this investor were always trying to sell him something. He also realized that out of the large portfolio already held, that certain holdings would show definite weakness and from time to time they might be called to the attention of his client and the recommendation of their sale might be made. For about a year and a half he did nothing but recommend sales of different holdings in this portfolio. Meanwhile he made no recommendations for purchase during this time. He was very thorough and careful and the majority of his "sell" recommendations turned out exceptionally well. Finally the investor began to take notice that he was getting some very profitable advice. Then an opportunity arose. A certain block of stock owned by the investor, and which he had previously recommended as a sale, declined very sharply in price. Our friend picked up the telephone and reminded this very busy executive that if he had listened to his advice he would have been about $150,000 better off. He then told him that he had another suggestion to make which he thought would turn out to be as correct as the one he had just called to his attention and that he wanted to see him. Of course he got the interview.

That evening he left his client's office with an order that made up many times for the months of patient effort and work he had expended on this account. While riding home with the client and another friend, the investor turned to his friend and said, "You see this fellow; of all the brokers I know, he is the only one who doesn't always try to sell me something. Instead he's the only one of the bunch who always wants me to sell something."

It seems to us that our friend knew his investment business and he also knew his salesmanship. He realized that here was an account that could best be approached upon the basis of service and sound advice. He lifted himself out of the crowd—he wasn't just another bond salesman—he was the fellow who said "sell 'em!" Maybe we ought to call it "Double Reverse English." You can't beat a combination of sound advice plus clever salesmanship.

J. W. Clarke Financial Counsel For WHIP

CHICAGO, ILL. — John W. Clarke has been appointed financial counsel and adviser to Radio Station WHIP. In connection with his duties Mr. Clarke has been elected Vice-President and Treasurer of the Hammond-Calumet Broadcasting Corporation, which owns and operates this radio station.

WHIP is a 5,000-watt station, operating on a frequency of 1,520 kilocycles, with studios in Hammond, Indiana, and Chicago, Illinois. They now have under construction additional facilities to enable them to broadcast 24 hours a day and plan to make this the largest independent broadcasting station in the United States.

Mr. Clarke will continue to devote his full time to the operation of the general security business of John W. Clarke, Incorporated, 135 South La Salle Street.

NYSE Extends Privileges Of War Service Members

As a further extension of privileges to members of the New York Stock Exchange in war service, the Board of Governors last month amended the commission law of the Exchange so as to permit a firm whose member is in war service to share in the commissions on transactions executed on the Floor of the Exchange by another member or member firm. This amendment was recently extended to an individual member not a partner of a firm and the latest action is designed to grant to a member firm the same privilege. The amendment is being sent to the membership for balloting. Approval of this proposal for individual members was noted in these columns Jan. 8, page 113.

Our Reporter's Report

(Continued from First Page)

That issue has been on the fire now for some weeks and though scheduled for offering a while back has been held in abeyance because of market conditions.

Presumably bankers now feel, however, that the situation is such that the $27,500,000 of ten and fifteen-year debentures may be brought forward with assurance of success once the Treasury's business is finished.

Excess Reserves Watched

Investment interests naturally are inclined to keep a weather eye on the trend of banks' excess reserves in view of the steady and rather swift contraction which has been occurring in such balances.

Only little more than a year ago, on Jan. 1, 1940, such surplus reserves stood at $6,600,000,000 and total reserves at $14,000,000,000. Meanwhile, due partly to the boost in requirements, ordered by the Federal Reserve Board, the aggregate has slipped steadily until now with total reserves of member banks at $13,145,000,000, excess balances are down to around $3,300,000,000.

Member banks' loans have risen from $15,300,000,000 at the end of 1940 to $18,000,000,000 at the close of last year, while investments increased from $21,800,000,000 to $25,500,000,000.

In pursuing its avowed policy of keeping credit costs easy, the Reserve Board, it is argued, might be expected shortly to lower the reserve requirement rate.

Another Issue Delayed

One of the biggest deals in recent prospect, that of the Pennsylvania Electric Co., embracing $32,500,000 of thirty-year bonds and $3,400,000 of preferred stock, has been relegated to the indefinite stage, it develops now.

The company had been expected to call for bids to be opened next week. Then it developed that the business faced a delay until around the month-end.

Now, according to some of those identified with interested banking groups, it looks as though it may be held back until considerably further along in the Spring.

Iowa Southern Utilities

The revised financing for Iowa Southern Utilities, brought on the market yesterday in the shape of $5,000,000 of twenty-five year 4½s, was reported to be moving along in satisfactory manner.

Priced at 100 with a 2½ point selling commission, the issue naturally was attractive to dealers even though they recognized that the marketing would involve something more than a mere turning over.

The company had originally planned a total offering of $15,160,000 to include $10,000,000 of first mortgage 3½s. But the deal was revised to present proportions.

For Filing Away

Current defense bond financing is looked upon in banking circles as likely to yield returns in the way of new business after the war is over.

Investment bankers have their shoulder to the wheel in this phase of war financing and are confident that the net result will be the making of many new friends and potential future customers.

They recall the experiences of the first World War's Liberty Loan financing and how many of the buyers of those bonds subsequently developed into good general customers.

Investment Trusts

(Continued from page 655)

value of broad diversification as well as the difficulty of individual selection even by professional investment management. It also serves to indicate why those who have owned shares in diversified, management investment companies during recent years have stated frequently that such investments gave them more satisfaction with less wear and tear on nerves, time and pocketbooks than many other investments they have made.

While the foregoing discussion employs Dividend Shares as a matter of course for illustrative purposes, this department wishes to point out that Dividend Shares is not "the exception that proves the rule." It has been emphasized here again and again that the mutual investment companies taken singly or as a group are able regularly to achieve "average" results—something that can be said of only one stock in three, and probably of only an even smaller proportion of investors.

Though the investor has about one chance in three of picking a stock that does better than the "average," looked at the other way, the chances are two to one that the stock he picks will not do as well as the "average." If he picks an investment company issue he will get results closely resembling the "average" and he'll know that he has done better than two-thirds of the market.

* * *

Investment Company Briefs

An investment company and Defense Bonds

Lord, Abbett & Co.'s Abstracts: "The owner of shares in Affiliated Fund participates in a fund which invests in American industry.

"There are two reasons why American industry is a logical field for investment.

1. The resources, abilities and corporate mechanisms of American industry are without peer.

2. America is a strong country and can defend the fruits of its own efforts from international bandits.

"This country is now in the process of fending off, and ultimately eliminating, a pair of bandits. To finance this police job it is selling Defense Bonds.

"The owner of Affiliated shares therefore should logically see to it that some Defense Bonds are put in the box where he keeps his certificate of ownership in American industry."

National Securities & Research Corp. believes that "the investor who is entirely or to an appreciable degree dependent on investment income for living expenses, patriotic duty presents a double problem. As one with investable funds, he will wish to lend as much to the government, through buying bonds, as possible. On the other hand, living costs and taxes are rising."

Here is the National Securities way to meet this problem. "Each investor can figure the per cent of return on available funds that he must have to meet living expenses and taxes. The following tables show what proportion of funds can be placed in Series G Defense Savings Bonds (yielding 2½% to maturity) plus either the National Bond Series or the National Low-Priced Bond Series, to secure the required rate of return.

Proportion of Defense Savings Bond Series G and National Bond Series of National Low-Friced Bond Series to Produce Stated Yields*

Return	Defense Bonds	Bond Series
3%	87½%	12½%
4%	62½%	37½%
5%	37½%	62½%
6%	12½%	87½%

Return	Defense Bonds	Low-Priced Bond Series
4%	74%	26%
5%	57%	43%
6%	40%	60%
7%	22%	78%
7½%	14%	86%

*Based on Defense Bond Series G yielding 2½% to maturity and estimated (Jan. 1, 1942) aggregate distributions for next four quarterly periods on National Bond Series of 6.5% and National Low-Priced Bond Series of 8.3%. (Either Preferred Stock Series or Income Series could be substituted for or combined with Low-Priced Bond Series.)

* * *

From the "New York Letter" published by Hugh W. Long & Co. distributors of New York Stocks, Manhattan Bond Fund and Fundamental Investors:

"Railroad stocks and bonds continue to enjoy the center of the investment stage.

"On Jan. 21 the ICC granted the carriers a 10% rise in passenger fares. The railroads have also petitioned for a 10% increase in freight rates and it is inconceivable that the attitude of the Commission will change overnight. Even a grant of 5% higher freight rates will go a long ways toward meeting the recent wage increase.

"Then there's the probability of much heavier freight traffic throughout the year. Poor's Investment Service has estimated it conservatively at between 6½% to 8%. The Association of American Railroads predicts they'll haul 10% more than 1941. Fitch is still more optimistic. They say the step-up will be between 10% and 15%. Freight loading for the week ended Jan. 17 were 15.3% higher than last year.

"There seems to be little doubt in any informed mind that the railroads will show greater net earnings this year because of higher rates, expanded traffic and their excellent excess profits tax position and they've been consistent market leaders!

"Not only did the Dow-Jones Railroad Stock Average out-perform the Industrials during 1941, but in January it showed a real gain in a stagnant general market!

"Good as that record is—the Railroad Series of New York Stocks did much better! In 1941 the Series advanced against a decline in both the Dow-Jones Averages. In January the Series has almost doubled the gain of the Dow-Jones Railroads!"

From Dec. 31, 1940 to Dec. 31, 1941	
D-J Industrials declined	15 4%
D-J Railroads declined	9.6%
N. Y. S. RAIL SERIES advanced	2.7%
From Dec. 31, 1941 to Jan. 27, 1942	
D-J Industrials declined	0.3%
D-J Railroads advanced	13.1%
N. Y. S. RAIL SERIES advanced	21.6%
From Dec. 31, 1940 to Jan. 27, 1942	
D-J Industrials declined	15.6%
D-J Railroads advanced	2.2%
N. Y. S. RAIL SERIES advanced	24.9%

(Dividends not included in these figures).

Chicago Bond Traders Hold Annual Dinner

CHICAGO, ILL.—The Red Cross War Relief Fund is $237 richer as the result of voluntary contributions by members and guests of the Bond Traders Club of Chicago at their annual dinner. Assisting ably in the collection was J. Smith Ferebee, who received splendid support from all in attendance.

In addition to the 221 members and 49 Chicago guests, out-of-town guests included:

Thomas Akin, Akin-Lambert Co., Los Angeles, Calif.; A. Augustine, Scott-McIntyre & Co., Cedar Rapids, Iowa; Herbert H. Blizzard, Herbert H. Blizzard & Co., Philadelphia; Wm. Perry Brown, Newman, Brown & Co., New Orleans, La.; C. F. Bryan, Spencer Trask & Co., New York City; J. Dunn, Stifel, Nicolaus & Co., St. Louis, Mo.; R. E. Byrne, Edward D. Jones & Co., St. Louis, Mo.; J. Canavan, Rauscher, Pierce & Co., Dallas, Tex.; R. Coffin, Hornblower & Weeks, Detroit, Mich.; H. L. Coleman, H. O. Peet & Co., Kansas City, Mo.; Chester de Willers, Schoonover, de Willers & Co., New York City; R. D. Diehl, Fahey, Clark & Co., Cleveland, Ohio; W. Donner, The Milwaukee Co., Milwaukee, Wis.; J. S. Finrud, First National Bank of Minneapolis; Firmin D. Fusz, Jr., Fusz-Schmelzle & Co., St. Louis, Mo.; W. H. Gardner, J. Arthur Warner & Co., New York City; Chester M. Glass, Jr., Bankamerica Co., San Francisco, Calif.; O. Goshia, Collins, Norton & Co., Toledo, Ohio; C. S. Hahn, Scherck, Richter Co., St. Louis, Mo.; J. C. Hecht, Butler-Huff & Co. of California, Los Angeles, Calif.; J. Hecht, Bendix, Luitweiler & Co., New York City; J. J. Hunt, White, Weld & Co., New York City; J. Lambick, Friedman, Brokaw & Samish, St. Louis, Mo.; E. L. Larson, De Young, Larson & Tornga, Grand Rapids, Mich.; H. A. Lichtenberger, Freeport, Ill.; C. Lipsky, Bendix, Luitweiler & Co., New York City; W. Lewis, Bigelow-Webb, Inc., Minneapolis; Charles Lob, Weil & Co., New Orleans, La.; B. Ludington, Watling, Lerchen & Co., Detroit, Mich.; C. J. Maender, Gatch Bros., Jordan & McKinney, St. Louis, Mo.; J. Masek, Charles A. Fuller Co., Minneapolis; M. Macrury, Paine, Webber & Co., Milwaukee, Wis.; L. McElhiney, The Milwaukee Co.; Fred Morton, The Milwaukee Co., Milwaukee, Wis.; C. Y. Murphy, Mackubin, Legg & Co., New York City; E. E. Parsons, Wm. J. Mericka & Co., Cleveland, Ohio; A. Patek, Paine, Webber & Co., Milwaukee, Wis.; T. Pelton, Wells-Dickey & Co., Minneapolis, Minn.; E. Price, E. W. Price & Co., Kansas City, Mo.; R. Rada, Paine, Webber & Co., Milwaukee, Wis.; R. M. Rice, R. M. Rice & Co., Minneapolis, Minn.; Stanley Roggenburg, Roggenburg & Co., N. Y. C.; Joseph W. Sener, Mackubin, Legg & Co., Baltimore, Md.; J. B. Shannon, Campbell, McCarty & Co., Detroit, Mich.; Betram Smith, Ernst & Co., New York City; W. P. Space, Thrall West Co., Minneapolis, Minn.; W. W. Stebbins, The Wisconsin Co., Milwaukee, Wis.; Carl Stolle, G. A. Saxton & Co., New York City; J. F. Tegeler, Dempsey-Tegeler & Co., St. Louis, Mo.; R. W. Thornburgh, W. E. Thornburgh & Co., Cincinnati, Ohio; H. Tornga, DeYoung, Larson & Tornga, Grand Rapids, Mich.; G. Vonier, Paine Webber & Co. Milwaukee, Wis.; R. A. Walsh, Dempsey-Tegeler & Co., St. Louis, Mo.; Harry G. Williams, Quail & Co., Davenport, Iowa; M. Reincke, The Wisconsin Co., Milwaukee, Wis; Norman Cole, Ledogar-Horner Co., Cleveland, Ohio; J. M. Russell, Gillis, Russell & Co., Cleveland, Ohio; Otto Koch, Loewi & Co., Milwaukee, Wis.; W. H. R. Jarvis, First Boston Corp., New York City; A. E. C. Oxley, Dominion Securities Corp., New York City; Ernest Kosek, Ernest Kosek & Co., Cedar Rapids, Iowa; Lud Prastka, Ernest Kosek & Co., Cedar Rapids, Iowa; Walter Engman, Murdoch, Dearth & White, St. Louis, Mo.; Peter Cooper, Loewi & Co., Milwaukee, Wis.; L. A. Strader, Scott, Horner & Mason, Lynchburg, Va.; C. H. Babcock, Piper, Jaffray & Hopwood, Minneapolis, Minn.; James Musson, B. J. Van Ingen & Co., New York City; and R. Spraks, Harris, Upham & Co., Kansas City, Mo.

Wasson Opens

CARTHAGE, N. Y.—Thomas W. Wasson is engaging in a general securities business from offices at 405 State Street.

Urges Protection For Dealer

(Continued from First Page)

ized to resist the ambitions of the Curb. It would require much time and money to organize for a particular case; and as the interest would vary among cases, it would be necessary to organize for each case. If you knew the amount of work which had to be done in uniting dealers behind the simple proposition which I am now presenting, you would realize the hopeless situation which adoption of the proxy amendment, exactly as proposed by the Exchanges, would create for thousands of distributing dealers all over the country.

"For the reason just stated, and for other reasons which follow, we oppose the Exchange-proposed proxy amendment, unless supplemented by our amendment, which would prevent in future the granting of unlisted privileges to any Exchange, excepting in securities fully listed by application of the issuer upon some Exchange.

"Expressed from the broader viewpoint of public interest, we contend that when a company or issuer believes that Exchange trading in its securities is undesirable because it causes unreliable markets, or discourages continuous retail distribution, or creates irresponsible ownership, or otherwise does damage, the management, by refusing to list its securities on any Exchange, should be able to prevent trading on all Exchanges.

"The present situation with respect to unlisted trading, according to our view, is unfair to the distributing dealers and to the issuers of securities; and it would be aggravated greatly by the adoption of the Exchange-proposed proxy amendment. When a security is listed on an Exchange, or admitted to unlisted trading privileges the distributor is embarrassed in his dealings in it. He may make a better market than the Exchange; but the Exchange, because people are market-minded, gets its principal advertising for nothing. Frequently, the distributor provides the investor with information and advise at considerable expense, only to have the order go to an Exchange member who has done nothing to deserve it. The distributor, whose emphasis is on information, has to compete with an agency whose emphasis is on price. The investor, unfortunately for his own interest, is price-minded. He is willing to buy at wholesale, if he gets retail service. The published price of a single sale on the Curb, while not truly indicative of the real market, may ruin the effort of the distributor to sell substantial amounts at a fair price.

"I realize that these unfortunate facts alone would not determine the action of Congress, if it should find the public interest opposed to ours. Therefore, I seek the firmest ground to show you why it is in the public interest that the distributing dealers should not be sacrificed to the ambitions of the Exchanges.

"If you consider the financial conditions which the Securities Acts were designed to correct, I think you will agree that the principal objectives are to curb speculation, to prevent the circulation of false and misleading information, to encourage intelligent decisions by investors, and to promote stability in prices and responsible ownership. Reasoning from these premises, and realizing that passing a law is only the beginning of a desirable reform, one naturally comes to consider what kind of a business organism is required for putting into practical effect the intent of Congress.

"The distributing dealers, such as those for whom I speak, constitute the kind of business agency best designed to attain the objectives of the Securities Acts. I grant that there are some distributing dealers whose financial resources are small in proportion to their commitments, and that there are some whose conception of a fair retail profit reflects an exaggerated notion of the value of their services. Under existing laws, it is perhaps too easy to get into the business. These defects, however, can be remedied. The great part of the business volume of the distributing dealers is done by responsible firms on a fair margin of profit.

"The reliable distributor provides the essential elements of a sound and stable financial economy. He lives, usually, in close contact with his customers. He provides the customer with information and helps him to use it sensibly. The distributor's interest lies in stability and sound investment, and not in activity and speculation. He seeks the customer who buys securities to keep and not to kick around. His method of continuous distribution affords the only sound basis for stable markets. He creates the demand which assures stability and salability.

"Exchanges have virtues, of course. But if we appraise their value in the essential functions of raising new capital, of service to the investor by intimate contact, of ability to create investment demand for large blocks of securities, and of promoting stability and responsible ownership, we find them lacking in these essentials.

"The conflict in interest between the distributing dealers and the Exchanges, out of which arises this and other arguments, is fundamentally a conflict between two opposed economic philosophies. The interest of the distributor, as opposed to the Exchange interest, lies in emphasis upon merit instead of market, and upon information more than upon price; in investment as against speculation; in stability more than in activity; in the long term more than in the quick turn; in local leadership as opposed to centralized economic power; and in responsible ownership of securities, instead of the 'poker-chip' idea of ownership.

"I have always believed that the Securities and Exchange Commission must eventually recognize that the distributing dealers are the agency best adapted to the purposes of the Securities Act. When this is recognized, we will be relieved of some of the embarrassments under which we now labor in competition with the Exchanges. In the meantime, all we are asking is that Congress refrain from granting to the New York Curb Exchange another advantage over the distributing dealers, by refusing to enact the Exchange-proposed proxy amendment unless our amendment concerning unlisted trading privileges is also enacted."

Seeks To Void Expulsion

Edward F. McCormack has filed suit in the Supreme Court seeking to void his expulsion as a member of the New York Curb Exchange and to restrain the Exchange from transferring or selling his membership. Mr. McCormack had been expelled from regular membership on the Exchange last March on charges of splitting fees or commissions earned by him with a former telephone-order clerk for business procured for him. In his suit, which names George P. Rea, President of the New York Curb, as defendant and seeks $7,500 damages, Mr. McCormack charged that the Curb's action against him had been brought because members were "biased" against him, other members having split commissions, as proved by an investigation, without action being taken against them.

In a recent report the SEC stated that Mr. McCormack had not even been "suspected of commission splitting prior to the Commission's investigation."

NYSE Facilities For Special Offerings

Emil Schram, President of the New York Stock Exchange, announced that the Board of Governors of the Exchange adopted on Jan. 29 rules providing for "special offerings" to be made through the facilities of the Exchange. Mr. Schram explains that the Securities and Exchange Commission has announced the amendment of its Rule X-10B-2, so as to exempt from the restrictions of that rule "Special Offerings" made pursuant to a plan which has been declared effective by the Commission. He added that the rules will become effective on Feb. 16 subject to the prior order of the SEC, declaring the plan embodied in the rules to be effective. In his explanation of the policy regarding "Special Offerings," Mr. Schram further said:

It is not the purpose of these rules to supersede the auction market or supplant approved secondary distributions, but to provide means for the handling of blocks of listed stocks through the facilities of the Exchange, where such blocks, under current conditions, cannot readily be absorbed in the auction market within a reasonable time and at a reasonable price.

"Piecemeal" or successive offerings of the same security by the same offeror, and offerings on an "all-or-none" basis, will not be permitted.

The offeror in a Special Offering must be the owner (as defined in paragraph 5 on page E-460 of the Directory and Guide) of the entire block of stock offered.

A Special Offering must remain good for three consecutive hours of trading on the Exchange. Thus, if a Special Offering is announced on the tape at 2 o'clock in the afternoon, it must remain good until 12 o'clock of the following trading session, unless the entire block is sold in the meantime.

Orders accumulated after the close shall be completed on the Floor of the Exchange at the opening of the next market session.

It should be noted that, under Rule 492 (d), an offeror may not, while his Special Offering is open, offer any shares of the same stock in the regular auction market.

Commissions earned by members and member firms in connection with Special Offerings may not be split or shared with registered employees. Compensation to registered employees for such business, as in the case of all listed commission business, must be in the form of a fixed salary, as provided in Rule 436, page E-262 of the Directory and Guide, and paragraph 2, page E-287.

Rules 490-497 are intended primarily to provide for Special Offerings on an agency basis by members or member firms in behalf of their non-member customers. However, the rules do not prohibit an Offering by a member or member firm for his or its own account. On such Offerings, purchases by customers of the offeror must be confirmed on a principal basis.

Rule 490 places a general limitation on the size of Special Offerings, except in special circumstances. Such an exception might be a Special Offering of a stock located at Post 30.

Stabilizing operations in connection with Special Offerings must be discussed in advance with the staffs of the Department of Member Firms and of the Securities and Exchange Commission.

Transactions effected pursuant to Special Offerings shall not elect stop-orders or open odd lot orders for execution in the regular auction market.

Purchases against Special Offerings must be completed on the Floor of the Exchange at the Post where the stock is dealt in. The handling of the Floor end of the business, on either the purchase or the offering side, may be entrusted to a Floor broker or specialist in the same manner as in the case of regular commission orders.

Rules 490 to 497 will be administered by the Department of Member Firms and inquiries with regard thereto should be directed to Mr. Coyle or Mr. Kuver of that department.

As Special Offerings are in the nature of an innovation and experiment, the Exchange will welcome any suggestions or criticism which may be in furtherance of the objectives of these rules.

SEC Permits Exchanges Offering System Trial

The SEC announced that it had taken action to enable any national securities exchange to try out a system of special offerings. The action of the Commission consisted in providing a conditional exemption to Rule X-10B-2 which relates to solicitation of purchases on an Exchange. The New York Stock Exchange had urged this exemption as a means of improving the market for some of its securities. Rules providing for "special offerings" to be made through the facilities of the Exchange were adopted by its Board of Governors on Jan. 29. The SEC in making known on Feb. 6 the Commission's action said:

The plan presented by the New York Stock Exchange provides that these special offerings may be made only when it is determined that the auction market on the floor of the Exchange can not, within a reasonable time and at a reasonable price, absorb a particular block of stock. Under one of the provisions of the plan a person making such an offering is permitted to pay a special commission to the broker for the purchasing customer. Under such circumstances the broker will not receive any compensation from his customer. The terms of the offering, including any special commission, will be disclosed on the tape when the offering is made and when any transaction is executed in the course of the offering. Confirmations to the customer will likewise disclose the special commission. Copies of plans which become effective will be on file with the Commission and will be available for public inspection.

The exemption will be available to any national securities exchange which presents a plan containing appropriate safeguards. The Commission will not declare any plan to be effective for the purposes of the rule if the plan is contrary to the public interest or is likely to be detrimental to investors.

The Commission emphasized that the fact that it declares a plan to be effective does not constitute approval of the plan. It also emphasized that it regarded the exemption as experimental only and pointed out that the exemption, by its terms, will be operative for a limited period of six months unless the Commission otherwise determines.

Benjamin To Manage Newburger, Loeb Branch

Newburger, Loeb & Co., members of the New York Stock Exchange, announce that Morris Benjamin, formerly with Hirsch, Lilienthal & Co., is now associate manager of their branch office at 99 Madison Avenue, New York City.

NASD District No. 13 Appoints Committees

Henry G. Riter 3rd, Riter & Co., Chairman of District No. 13 Committee, National Association of Securities Dealers, Inc., announces the appointment of the following committees:

Uniform Practice Committee: Frank Dunne, Chairman, Dunne & Co., New York, N. Y.; Robert L. Osswalt, Vice-Chairman, Blyth & Co., Inc., New York, N. Y.; Theodore F. Bernstein, Jr., Carl M. Loeb, Rhoades & Co., New York; Edward J. Costello, First Boston Corp., New York; James Currie, Jr., Hoit, Rose & Troster, New York; Herbert M. May, Herbert M. May & Co., New York; Reginald Martine, Harriman, Ripley & Co., Inc., New York; Paul M. Strieffler, Riter & Co., New York; Robert Strauss, Strauss Bros., New York.

Quotations Committee: Richard C. Rice, Chairman, J. K. Rice, Jr., & Co., New York; Frederick Barton, Eastman, Dillon & Co., New York; J. Edward Davis, Jackson & Curtis, New York; Louis A. Gibbs, Laird, Bissell & Meeds, New York; O. D. Griffin, Lord, Abbott & Co., Inc., New York; Alexander Pinney, Graigmyle, Rogers & Co., New York; Percival J. Steindler, P. J. Steindler & Co., New York.

Special New York State Stock Transfer Tax Committee: Oliver J. Troster, Chairman, Hoit, Rose & Troster, New York; Russell V. Adams, Adams & Mueller, Newark, N. J.; Frederic W. Q. Birtwell, Stone & Webster and Blodget, Incorporated, New York; Edward J. Costello, First Boston Corp., New York; P. Fred Fox, P. F. Fox & Co., New York; Eugene L. G. Grabenstatter, Trubee Collins & Co., Buffalo, N. Y.; Gustave Levy, Goldman, Sachs & Co., New York; Robert S. Morris, Robert S. Morris & Co., Hartford, Conn.; Alvin H. Turton, Frederic H. Hatch & Co., Inc., New York; William F. Walsh, Jackson & Curtis, New York.

New York City Business Conduct Committee: Henry G. Riter 3rd, Chairman, Riter & Co., New York; Harry W. Beebe, Harriman, Ripley & Co., Inc., New York; Frank Dunne, Dunne & Co., New York; Irving D. Fish, Smith, Barney & Co., New York; Gail Golliday, Bonbright & Company, New York; Charles F. Hazelwood, E. H. Rollins & Sons, Inc., New York; Richard C. Rice, J. K. Rice, Jr. & Co., New York; Meyer Willett, Bristol & Willett, New York.

John S. Costa Joins A. Webster Dougherly

PHILADELPHIA, PA.—John S. Costa has become associated with A. Webster Dougherty & Co., 1421 Chestnut Street. Mr. Costa in the past was in charge of the municipal department of the local office of Bancamerica-Blair Corporation and prior thereto was manager of the bond department for A. C. Wood, Jr., & Co.

E. F. Kezer Is With B. J. Van Ingen & Co.

B. J. Van Ingen & Co., Inc., 57 William Street, New York City, announce that Edwin F. Kezer, formerly with Outwater & Wells, as manager of the municipal department, is now associated with them.

Herman Brocksmith With Scherck, Richter Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Herman L. Brocksmith is now associated with Scherck, Richter Company, Landreth Building.

Bond Club Of Chicago Elects 1941 Officers

CHICAGO, ILL.—At its annual meeting, the Bond Club of Chicago elected Edward C. George, Harriman Ripley & Co., Inc., President to succeed Ralph Chapman, Farwell, Chapman & Co., who will become a director for the ensuing year. Charles K. Morris, Charles K. Morris & Co., Inc., was named Secretary, and George H. Willis, First Boston Corp., Treasurer.

Eugene Hotchkiss, Blair, Bonner & Co., J. H. Maxwell, The Northern Trust Co.; Paul L. Mullaney, Mullaney Ross & Co.; J. Sanford Otis, Central Republic Co., and Reno H. Petersen, The Illinois Company of Chicago, were named directors.

The Bond Club this year discontinued its traditional formal dinner in favor of a luncheon meeting. The Club unanimously adopted a resolution to turn over to the Red Cross the sum of five hundred dollars, usually spent for the club's annual dinner.

Dodson Manages Dept. For Donald Davis Co.

BOSTON, MASS. — Donald Davis & Co., 82 Devonshire Street, announce that Paul E. Dodson has become associated with their firm to supervise their municipal department. Mr. Dodson for a number of years was connected with Newton, Abbe & Co.

Consolidates Offices

CHICAGO, ILL. — Shearson, Hammill & Co. has consolidated its offices in the Board of Trade Building and at 208 South La Salle Street in new quarters in suite 510 at 208 South La Salle Street. The office in the Board of Trade Building became a branch of Shearson, Hammill & Co. through the merger with the Chicago office of Winthrop, Mitchell & Co. The branch office in the Wrigley Building will be continued as heretofore. The firm's new phone number will be Randolph 7120.

Foelber-Patterson Is Formed In Fort Wayne

FORT WAYNE, IND.—Foelber-Patterson, Inc., has been formed with offices in the Lincoln Bank Tower, to act as underwriters, distributors and dealers in railroad, public utility, industrial, municipal, U. S. Government bonds and local corporation securities. Officers of the firm are Eugene F. Foelber, President, and Sidney B. Patterson, Secretary and Treasurer.

The sales department will be in charge of Mr. Foelber. The collection department will be directed by J. Reith.

P. D. Reed Heads WPB's Industrial Branches Unit

Philip D. Reed, Chairman of the Board of Directors of the General Electric Co., will head the Industrial Branches in the Division of Industry Operations of the War Production Board, it was announced on Jan. 24 by J. S. J. S. Knowlson, Director of the Division.

In February, 1941, Mr. Reed became Senior Consultant in the Priorities Division of the Office of Production Management, and in July became Deputy Director of the Industrial Subdivision of the Priorities Division. Later he was appointed Deputy Director of the Materials Division, and on Jan. 1, 1942, he was made special assistant to the Directors General in charge of Industrial Branches. His new position will involve similar duties.

SEC Adopts Single Report Form for Management Cos.

As a further step in its program of simplifying filing requirements, the SEC on Jan. 29 announced the adoption of a single annual report form to be used by management investment companies under both the Securities Exchange Act of 1934 and the Investment Company Act of 1940. The new form, known as Form N-30A-1, will largely supplant Forms 15-K, 17-K and 2MD under the Securities Exchange Act. It is the first periodic report form to be adopted under the Investment Company Act. The SEC announcement further explained:

> Form N-30A-1 is designed to bring up to date, as of the close of a company's fiscal year, the information originally supplied by each management investment company in its registration statement under the Investment Company Act. Most of the items of the form require information only if some change in the data previously reported has occurred during the fiscal year.
>
> Prior to the adoption of Form N-30A-1, drafts were submitted to all management companies registered under the Investment Company Act for comment, and conferences were held between members of the Commission's staff and representatives of the National Association of Investment Companies, as well as with officials of individual companies.
>
> The form is being sent to approximately 300 management investment companies. Copies may be obtained from the Publications Unit of the Commission, Washington, D. C., as well as from the Commission's Regional Offices.
>
> In connection with the adoption of Form N-30A-1, the Commission adopted two new rules under the Investment Company Act, Rule N-30A-2 and Rule N-30A-3, and amended Rules X-13A-2 and X-15D-2 under the Securities Exchange Act.

Heads SEC Utilities Div.

Robert H. O'Brien was sworn in as a member of the Securities and Exchange Commission on Feb. 3, with the oath being administered by Edward C. Eicher, former SEC Chairman, who is now Chief Justice of the United States District Court for the District of Columbia. Mr. O'Brien fills the vacancy on the Commission caused by the elevation of Mr. Eicher to a Judgeship. President Roosevelt nominated Mr. O'Brien on Jan. 22 and the Senate confirmed the appointment on Jan. 28, as was indicated in our issue of Feb. 5, page 569.

The SEC also made known on Feb. 3 that John W. Houser, of Long Beach, Calif., has been appointed Director of the Public Utilities Division, succeeding Mr. O'Brien. Mr. Houser has been Assistant Director of the Division since April, 1941, and has been associated with the Commission as an attorney in the Utilities Division since 1938.

Underwriters Trust Moving

Christian W. Korell, President of the Underwriters Trust Co., New York City, announced that, as soon as alterations have been completed, the trust company will change its principal office from 37 Broadway to 50 Broadway, where it will have added facilities for the conduct of its business. In addition to the main floor and mezzanine, which extends from Broadway to New Street, a larger vault with commodious rooms for examination of securities and for conference purposes will be available, it is announced.

NY Curb Acts To Aid Members In War Service

The Board of Governors of the New York Curb Exchange at a regular meeting held last month approved an amendment to the Constitution authorizing the Committee on Communications and Commissions to permit any member or member firm to share commissions with a member absent in war service on business which he would otherwise have handled. The Exchange in its announcement states:

> Under the terms of the amendment the absent member might receive not more than half of such commissions.
>
> At the same meeting the Board approved an amendment to the section authorizing appointment of a floor representative by a member in active service of the United States so as to extend the provision to members engaged "in any military, naval or other public service incident to the defense of the United States or of any nation which is a belligerent against one or more of the enemies of the United States.
>
> The amendments will be voted on by the members of the Exchange.

H. L. Young Named To Fed. Advisory Council

H. Lane Young, President of the Citizens & Southern National Bank with offices at Atlanta, Savannah and other Georgia cities, has been elected a member of the Federal Advisory Council of the Federal Reserve System to represent the Sixth (Atlanta) Federal Reserve District, according to an item in the Atlanta "Constitution," of Jan. 11.

Mr. Young has a background of 43 years in the banking field. Aside from being President of the C. & S. Bank, he was a class A director of the Federal Reserve Bank of Atlanta from 1928 to 1933, and a member of the Federal Advisory Council from 1934 through 1936.

He was also Chairman of the Agricultural Committee of the American Bankers' Association. He is a director of the Atlantic Coast Line Railroad Co., the Thomaston Cotton Mills, the Nehi Corp., the U. S. Fidelity & Guaranty Co., and of the Atlanta Chamber of Commerce.

Real Estate Tax Rise Held Unlikely In 1942

There is at least one tax which it seems likely will show no increase in 1942—the real estate tax—but in many American cities it appears already too high, according to data compiled by the Mortgage Bankers Association of America released on Jan. 24. In indicating this the Association said:

> Mortgage bankers in 38 principal cities believe there will be no real estate tax rise this year, although bankers in 24 other leading cities expect some increase.
>
> In 14 of the cities polled by the Association, mortgage bankers do not consider present real estate taxes too high but in 37 other leading cities mortgage bankers say they are too high. The estimate of how much too high these taxes are averaged 23½% for these 37 cities.

"I believe this sampling poll of leading cities indicates a trend which should prove encouraging to property owners," said Frederick P. Champ, Association President. He likewise said:

> "While almost all other taxes are naturally rising to pay for the war, real estate taxes generally do not appear to be increasing generally. This is encouraging because it seems fairly well agreed that the real estate tax burden in recent years has been proportionately heavier than almost any other."

It is added that the survey's results seem to substantiate other current data on the subject. It is stated that it was recently shown that the average real estate tax rate in 263 cities in 1941 increased only 2¢ per $1,000 over 1940 and that the average assessed value in these cities increased only 0.1 of 1%.

AIB Pushes National Defense Bond Campaign

Nation-wide efforts to complete the mobilization of the 70,000 members of the American Institute of Banking in the government's Defense Saving Bond campaign are being undertaken, it is announced by George T. Newell, AIB President, who is Vice-President of the Manufacturers Trust Co., New York City. The Institute is the educational section of the American Bankers Association. The national campaign by the Institute is the culmination of intensive preparations for launching the drive among more than 400 local chapters and study groups. The preparations began with a forum on the sale of the bonds and stamps in Rochester, N. Y., several weeks ago.

The AIB has sent detailed information on organizational procedure for the defense bond and stamp campaign to the members of its National Forum and Seminar Committee and to its National Public Relations Committee. This material, it is pointed out by Mr. Newell, will enable local chapters and study groups of the Institute to undertake aggressive promotional work in the campaign.

Special emphasis will be placed on the public education aspects of the drive, Mr. Newell said. In meetings held by the local chapters and study groups, the objectives of the government's campaign will be stressed, in order that the Institute's members will be adequately prepared to tell the public of the need for widespread participation in the purchase of the bonds and stamps.

Canadian Sugar Use Up

Consumption of refined sugar in the Dominion of Canada during 1941 totaled 522,901 long tons as against 500,943 tons in the previous year, an increase of 21,958 tons, or approximately 4.4%, according to advices received by Lamborn & Co., New York. From the firm's announcement we also quote:

> For 1942, consumption is expected to show a decided decrease due to rationing. Household use is limited to three-quarters of a pound per person each week. Housewives with more than a two weeks' supply on hand have been asked not to buy more until their stocks were exhausted. It is calculated that approximately 100,000 tons of sugar might be saved by curtailed use.
>
> Of the 1941 consumption, approximately 95,000 tons, or 18% were beet sugars produced in the Dominion, while the remainder were imported cane sugars which came principally from the British West Indies and other British possessions. Of the sugars consumed in 1940, home production supplied approximately 75,000 tons, or 15%, while the balance came primarily from the sources mentioned above.

Lester Named Director

LOS ANGELES, CALIF. — Bernadotte P. Lester, President of Lester & Co., 621 South Spring Street, members of the Los Angeles Stock Exchange, and Albert S. Knies, an official of Reynolds Metals Corporation, were elected to the Board of Directors of Rohr Aircraft Corporation at the annual stockholders' meeting.

Information Service To Expand Facilities

President Roosevelt directed Lowell Mellett, Director of the Office of Government Reports, to expand the facilities of the United States Information Service so as to provide a central office for those who go to Washington attempting to obtain advise and direction for the utilization of their facilities in the war effort. The President also directed Mr. Mellett to notify department and agency heads to have their information divisions coordinated under this central office. The President's letter to Mr. Mellett said:

> Citizens are coming to Washington in increasing numbers seeking information and assistance of their Government. Many business men are attempting to obtain advice and direction for the utilization of their facilities in the war effort. It has become more and more difficult for those coming to Washington on specific business to locate the Government official who can give authoritative answers to their questions.
>
> As a result, many of the departments and agencies have expanded their information divisions. It is now necessary that there be an integration of the various offices having direct contact with the public and that their activities be coordinated under the direction of a central office.
>
> As President of the United States and Commander in Chief of the armed forces, I, therefore direct you, as Director of the Office of Government Reports, to (1) expand the facilities of the United States Information Service so that visitors shall have one central place to which they can go for direction and information; (2) inform department and agency heads of my desire that they assign such of their personnel to duty in this central office as may be necessary to carry out this general purpose.
>
> I further direct that you transmit a copy of this letter to the heads of all Federal agencies.

Armstrong In War Post

The National War Labor Board on Feb. 5 announced the appointment of Robert B. Armstrong of the Industrial Research Department, University of Pennsylvania, as Director of Statistical Information. Mr. Armstrong will be charged with the duty, under the direction of Dr. George W. Taylor, Board Vice-Chairman, of assembling and correlating such statistical data as may be pertinent to the cases before the Board. In addition to his post at the University of Pennsylvania he has served as a consultant to the Bureau of the Census and as an instructor of economics at Gettysburg College, Gettysburg, Pa.

FDR To Report On War

President Roosevelt is expected to make a report to the Nation on war activities in a radio address, probably around George Washington's birthday (Feb. 22), the White House announced on Jan. 29. Stephen Early, White House Secretary, said that the President had received many requests from people to make such a talk in order "to dissipate poisonous, troublesome rumors and, in so far as possible, to give the country a clearer and better understanding of the war and all it involves."

Mr. Early explained that the President does not feel that the "timing is very good just now," but that within a month "it is quite possible he will have some things of importance to say."

Tomorrow's Markets Walter Whyte Says—

(Continued from page 653)

but a handful of memories. If I hold on it may go lower.

* * *

I realize that in talking like this, I am giving away some of the closely held secrets of the trade. For no forecaster admits that he is wrong or even worried. Forecasters, in order to gain respect, lock themselves way in ivory towers and hand down their considered edicts on the state of everything to the people below. It's one of the unwritten laws of the business, that stock market soothsayers shall never admit mistakes. But being naive and not particularly interested in what other clairvoyants think, I do tell what I know. At least I try to if I can put it into words.

* * *

One of the principal reasons is that I know what it is to take losses and profits.

* * *

I know that when you approach the order window, you can't give the order clerk a speech on the state of the world, then expect him to make up your mind for you and buy the stock that will go up. You have to be definite. You either know what stock you're going to buy, and buy it, or you don't. If you don't, then all the learned articles as to why a certain condition may or may not affect securities won't help you, though they may pass the time away.

* * *

But to get back to realities. Last week I wrote that as the steels go so would the market. At the time this was written, the steels, particularly U. S. Steel, were beginning to make encouraging noises. True, these weren't of a nature to make buying them a good idea, but good enough to say they would have an effect on other stock. But that was on Wednesday. The following day, Thursday, the market should have gone higher. It didn't. That in itself was a danger sign. How dangerous it was, was seen in the action of the next few days.

* * *

As this is being written, the market has already declined about three points. Now three points may not look or sound like much, but in these days it is plenty. If you want the reason, you can find it in the news. In the Far East Singapore looks doomed; at home our Congress is busy making speeches. Instead of fighting a war, Congress is talking it's head off about "boondoggling." How a market can go up, and stay up, in the face of such things, I don't know. I can write reams about this, but it has no place in a column devoted to interpreting and advising on stock markets.

* * *

Meanwhile you have bought two stocks. These were recommended last week. They are American Car & Foundry at 32 or better, and American Steel Founders at 20 or better. The first is now selling at about 30½, showing you a paper loss of about 1½ points. The second, American Steel Founders, is still at about 20. Both stocks have critical levels under which they should not be held. This has nothing to do with their business prospects or their dividend potentialities. It applies only to their technical behavior.

* * *

If American Car & Foundry breaks 29, it should be sold. If American Steel Founders breaks 19, it, too, should be sold.

* * *

On the up side, these stocks show the following: American Car & Foundry now has a clearly indicated resistance area, beginning at 32¾ and extending to about 34.

* * *

American Steel Founders has a similar zone, beginning at 21½ and reaching to about 23.

* * *

If either of these stocks approach these areas and no volume appears, and if the rest of the market is lackadaisical, my suggestion is that you sell them.

By the time the next column appears, I may be wrong again, but that's the chance I have to take.

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

We believe the following poem written by James McKinley Bryant is appropriate enough to print in its entirety. Mr. Bryant wrote it on Dec. 1, 1941, six days before the attack on Pearl Harbor.

MY AMERICAN CREED

I'm no one in particular,
I'm just an average American.
I have one thought which stands out alone
Above all others, one word,
LIBERTY.
Simply because
I BELIEVE IN LIBERTY.
I just don't wear it on my lips
As a decoration,
Like Hitler wears his swastika
On his sleeve.
No, it comes to mean
A mighty real thing to me.
It means that, as the great men,
Past and present,
Who by their ideals,
Have sown the seeds of Liberty
In the Fertile Fields
Of our Democracy,
So shall I
Try to retain the standards of those men.
In so doing,
I will therefore
Reap the reward of
Freedom of Speech, of Thought and of Worship.
Now all over the world
There is a frenzied battle being waged
Between the men who believe in Democracy
And those on the side of Totalitarianism.
Of these latter men
One stands out alone,
His name—HITLER—.
I've heard what my generation calls him,
A DICTATOR!
If I understand this word at all
A Dictator is an authority
On the DECTRUCTION OF LIBERTY.
He is one who, by my way of thinking,
Must say to his disciples: Quote—
"My deeds may be accursed
As Cain's own crime,
But then you shall all be Cains with me."
Unquote.
That, I believe is in the mind of a man
Who loves his country
By hating the world.
He calls it Patriotism,
But I would call it
HELL ON EARTH!
I know how I would feel about living
Under the rule of a Totalitarian Power
That hates the Light of Day
And the Love of Life.
Under the rule of a man
With Chaos in his brain
And Death in his heart.
I KNOW how I would feel,
Because I am an American!
Therefore I say,
To maintain the IDEALS OF DEMOCRACY,
It is worth while
To FIGHT A MAN LIKE THAT,
and better still,
To DIE FIGHTING HIM.
This I believe sincerely and instinctively,
As one born and bred
In a truly GREAT DEMOCRACY
With FAITH in the EVERLASTING GOD
Of love and tolerance,
Truth and Brotherhood,
Light and Right!
This I believe as an AMERICAN.

James McKinley Bryant,
Hotel Drake, N. Y. City.

UP-TOWN AFTER 3

NEW MOVIES

"House of Spies" (MGM), with Conrad Veidt and Ann Ayars, in a thriller about spies, saboteurs and German consuls, who direct them from behind diplomatic curtains. With the United States at war and all German officials out of the country (at least I assume they are), the picture is behind the times. Still the story is exciting and fairly well done. Otto Becker, a studious bookseller, finds himself up against the Nazi machine when his twin brother, Baron Von Detner, the German consul, orders him to help the Nazi cause. Becker refuses and the Baron takes it upon himself to kill him. At least that is what is supposed to happen but in the struggle the Nazi is killed and the bookseller takes him place. He promptly schemes to upset the German applecart by giving all the plans away to American authorities. . . . **"Born To Sing" (MGM).** Virginia Weidler, Ray McDonald and a gang of kids, in one of those success yarns you've seen on the screen so often. It's about a gang of kids from the other side of the tracks who not only foil the dastardly producer who steals the musical score to use in his own show, but who put on a production of their own that sets the town on its ears. The whole thing is silly. Its only saving grace is the finale which ends with the La Touche-Robinson "Ballad For Americans." This is almost enough to save the whole picture. . . . **"Ride 'Em Cowboy" (Universal).** Another one of the Abbott & Costello pictures, this time supported by the Merry Macs, Ella (Tisket, A Tasket) Fitzgerald, Dick Foran, Johnny Mack Brown and Anne Gwynne. Like all previous Abbott & Costello films this one is funny only when the pair are on the screen. When they are off and the plot tries to unwind itself it is one of those dreary messes full of yawns. The story involves a pair of hucksters at a circus, one, of hot dogs, and the other, peanuts, who get tangled up with a rodeo and find themselves at a dude ranch. Involved is also the ranch owner's daughter, who is sore at the famous author of wild west yarns, because he is (1) a phony; (2) he made her lose the prize money in the rodeo, and (3) she loves him to pieces. From there on you know the story by heart. Abbott & Costello pull out all the old gags and tricks they have used so often before. The boy and the girl finally understand each other; the gamblers are foiled; the ranch is saved from foreclosure, and Abbott & Costello are heroes.

TABLES 'N BARS

Because I felt under the weather (and believe me, with the weather we've been having, that's a new low!), I didn't get around much last week, but a friend (?) of ours, Seaman Jacobs, a press agent, who shall remain nameless, evidently did a bit of pub crawling, as see the following note: "Sorry to hear you don't feel well, kid," writes the anonymous Jacobs, "but after all there's nothing better than curling up in a book with a good easy chair. That is, to you there may be nothing better. To me, curling up in a night club with a good (good, if I'm unlucky) blonde is much more fun. Take, for instance (and a lot of people are), Joe E. Lewis at Fefe's Monte Proser. No, I mean at Monte Proser's Copacabana. I dropped in there the other night. Well, it was more than dropping in. I tried to get the Fordham line to run interference for me. But that wouldn't do any good either. Then I told Joe Lopez at the door that I was one of the owners and they made room for me in a bulge in one of the walls. I happened to go to the opening of the new show when they put two revues in one. It lasted two hours. This is exactly 45 minutes longer than a certain nite club I know lasted. . . . "One item no one should miss, son, is Ella Logan at the **Hotel Pierre's Cotillion Room.** That's Ella-mentary, my dear Watson, and what's more the policy has been changed: Dress optional. That means you don't have to wear your grandfather's cutaway there anymore. About this Logan girl: She's sensational, terrific, wonderful, but outside of that I can't see her except maybe personally. . . . "When will I see you? I'll probably be in the Army next month, so let's make it soon. They'll be calling me the Sergeant Yorkobs of this war, you know. Before I leave, I'm throwing a Staying-Home party for all the tearful friends I'm leaving behind. I'm overlooking the 'friends' angle in your case. Will you come anyhow? . . . "That's about all, except could you get around to saying something nice about my red-headed account, Margie Hart?" (O. K., you sergeant you, Margie Hart is a nice girl!) . . . "Oh, before I forget," adds Jacobs, who shall remain unknown, "Fellow called up the **1-2-3 Club** the other day and said, 'I'm coming over Saturday night with a party of ten. Don't worry about chairs. I'm an undertaker and will bring my own'! That's the kind of cooperation Stearns is getting, although I must admit he did say 'no' when a couple, rather than be turned away, offered to sit on Roger's piano. 'Well, then,' said the girl, 'I can play the piano. How about sending my date home and letting me knock off a few duets with you'? That's right, kid, Rogers said 'no' to that, too." . . . Bobby Kittell writes from Los Angeles, asking will I please mention **Bert Rover's Paris Inn Cafe** in Los Angeles. It is, he writes, the place for dealers and brokers. It has singing waiters and an "A No. 1 floor show." I have never been there so can't say much but friends of mine agree that's a place to have fun in.

St. Louis Bank Stocks

Gatch Bros., Jordan & McKinney, Inc., 418 Olive Street, St. Louis, Mo., members of the St. Louis Stock Exchange, have just issued the 1942 Edition of their Manual of St. Louis Bank Stocks. This attractively bound brochure includes important factual information on a number of important banks in and around St. Louis, and may be obtained upon request from Gatch Bros., Jordan & McKinney.

The firm also plans to send out a mid-year statement of the banks' indicated earnings, which may also be had for the asking.

Calendar of New Security Flotations

OFFERINGS

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

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)

Company has filed an amendment with the SEC to its Dec. 29, 1941 registration statement, in which amendment the company disclosed that it has chosen to issue $1,500,000 of 10-year convertible sinking fund debentures, due Jan. 1, 1952, instead of the 30,000 shares of 5% cumulative convertible preferred stock, $50 par value. Amended registration statement also covered a maximum of 175,000 shares of common stock, $1 par value, to be reserved for issuance upon exercise of the conversion rights attached to the debentures. The debentures will first be offered for subscription, through rights, to common stockholders of record Jan. 23, 1942, pro rata, at a price to be supplied by amendment. The unsubscribed portion of the debentures will be offered to the public, at a price to be supplied by amendment, by the following underwriters: Eastman, Dillon & Co.; Kidder, Peabody & Co.; McDonald-Coolidge & Co.; Merrill Lynch, Pierce, Fenner & Beane; Hornblower & Weeks; Jackson & Curtis. The expiration date of the subscription offer will be furnished by later amendment

The debentures will be offered to common stockholders in ratio of $1.90 of debentures for each share of common stock held

Effective 4:45 p.m. E.S.T. on Feb. 2 as of 4:45 p.m. Jan. 17

Offered Feb. 10 at 100 and interest

FISHER BROTHERS CO.
Fisher Brothers Co. has filed a registration statement with the SEC for $1,000,000 of 15-year Sinking Fund Debentures, due 1957. Interest rate will be supplied by amendment to the registration statement.

Address—Cleveland, Ohio.

Business—Operates a chain of retail food stores.

Underwriting—Principal underwriter is Merrill Lynch, Pierce, Fenner & Beane; others will be named by amendment.

Offering—Public offering price of the Debentures will be supplied by amendment.

Proceeds will be applied toward the payment of all outstanding bank loans of the company.

Registration Statement No. 2-4932. Form A2 (1-22-42-Cleveland)

Effective 3:15 p.m. E.S.T. on Feb. 4, 1942

Offered Feb. 5 at 100 and int.

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)

Amendment filed Jan 14, 1942 to defer effective date.

Iowa Southern Utilities Co. of Delaware has filed an amendment with the SEC to its registration statment originally filed Dec. 27, 1941. In this amendment, company states that it now proposes to offer to the public an issue of $5,000,000 of 4½% sinking fund debentures, due Dec. 1, 1971, instead of the originally proposed issuance of $10,000,000 of first mortgage 3½% bonds of 1971 and $5,160,000 of 4½% sinking fund debentures due Dec. 1, 1971. Proceeds from sale of the $5,000,000 of debentures will be used to retire the outstanding general mortgage 4½% sinking fund bonds of 1950 and the 6% Series A debentures. The first mortgage 4% bonds due 1970, now outstanding, will not be called for redemption.

Underwriters for the debentures are the same as originally announced, with exception that Glore, Forgan & Co. is replaced by Goldman, Sachs & Co., among the 15 underwriters forming the syndicate. The public offering price will be supplied by later amendment.

Offered Feb. 11 at 100 and int.

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

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

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

Underwriters—None

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

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

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

Effective Jan. 6, 1942 at 4:45 p.m. E.S.T.

Offered for subscription to stockholders of record Jan. 7 at $2.50 per share. Rights expired Feb. 5. Shares not subscribed for by stockholders have been taken up by Max Kalter

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, FEB. 12

RELIANCE ELECTRIC & MANUFACTURING CO.
Reliance Electric Manufacturing Co. filed registration statement with SEC for 7,500 shares of $5 Cumulative Convertible Preferred Stock, no par value; and 37,500 shares of common stock, $5 par value, the latter to be reserved for issuance upon exercise of the conversion privilege of the preferred stock.

Address—Cleveland, Ohio.

Business—Engaged in the manufacture and sale of electric motors, generators, motor-generator sets, mine motors, etc.

Underwriting and Offering—The preferred stock will be offered to the public; offering price and names of the underwriters will be supplied by later amendment.

Proceeds will be used to restore cash reserve of company, and for working capital.

Registration Statement No. 2-4933. Form A2 (1-24-42-Cleveland)

Amendment filed Feb. 5 naming Hayden, Miller & Co. as principal underwriter

SUNDAY, FEB. 15

KEYSTONE CUSTODIAN FUNDS, INC.
Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 100,000 shares of Keystone Custodian Fund Full Certificates of Participation, Series "B-2"

Address—50 Congress St., Boston, Mass.

Business — Company is an investment trust; each Keystone Fund is a strict trust fund, operating under a trust agreement which specifies and controls each step in its operation

Underwriting and Offering—The Series "B-2" Certificates of Participation will be sold to the public at the market, the issue being sponsored by the depositor

Proceeds will be used for investment purposes

Registration Statement No. 2-4942. Form C-1 (1-27-42)

Keystone Custodian Funds, Inc., also filed a registration statement with SEC for 100,000 shares of Keystone Custodian Fund Full Certificates of Participation, Series "S-2," to be sold to the public at the market, and the proceeds to be used for investment purposes

Registration Statement No. 2-4943. Form C-1 (1-27-42)

MONDAY, FEB. 16

GENERAL FINANCE CORP.
General Finance Corp. filed registration statement with SEC for 176,854 shares common stock, $1 par

Address—184 W. Lake St., Chicago, Ill.

Business—Company and subsidiaries engaged principally in discounting installment notes receivable secured by automobile conditional sales contracts and chattel mortgages, and advancing funds to automobile dealers on their short-term interest bearing notes secured by automobiles. Due to recent prohibition of sale of new automobiles and new tires, company proposes to amend its charter so as to broaden the scope of its authority to do business

Underwriting—None

Offering—The 176,854 shares of common stock are reserved for issuance upon the exercise of certain outstanding Common Stock Purchase Warrants, latter entitling holders thereof to purchase 176,854 shares of common stock of company at price of $4 per share, during period from Mar. 4, 1942 through Mar. 4, 1947.

Proceeds will be added to working capital

Registration Statement No. 2-4936. Form A2 (1-28-42)

LIBERTY AIRCRAFT PRODUCTS CORP.
Liberty Aircraft Products Corp. filed registration statement with SEC for 60,000 shares Cumulative Convertible Preferred Stock, no par (dividend rate to be supplied by amendment), and 120,000 shares $1 par value common stock, latter to be reserved for issuance upon exercise of conversion rights of the preferred stock

Address—Farmingdale, N. Y.

Business—Engaged in manufacture and processing of parts and equipment for aircraft to customers' specifications, upon order. Owns about 50% of the outstanding common stock of The Autocar Co., which is engaged chiefly in the manufacture and sale of medium and heavy-duty motor trucks

Offering—The preferred stock will be offered to the public at a price to be supplied by amendment; the proposed maximum offering price, based on the SEC filing fee, is $25 per share

Underwriting—E. H. Rollins & Sons, Inc., New York, is named principal underwriter; names of the other underwriters will be supplied by amendment.

Proceeds will be used to the extent of $900,000 toward part payment of outstanding bank loans, and the balance will be added to working capital

Registration Statement No. 2-4934. Form A2 (1-28-42)

TUNG GROVE DEVELOPMENT CO., INC.
Tung Grove Development Co., Inc., filed registration statement with the SEC for Contracts for sale of land and development of tung groves thereon, aggregating $450,000

Address—Ocala, Fla.

Business—Engaged in the planting, cultivation and care of tung groves on lands of others under contract or upon orders from such owners, in Marion and Citrus Counties, Fla. Business is now being expanded to include the purchase, sub-division and sale of lands in these counties for development in tung groves

Underwriting—Details of underwriting or distributing method to be employed, will be supplied by amendment

Offering—Company will offer, through the Contracts, land suitable for tung grove development, together with its contract for the clearing, planting and development of a tung grove thereon, in units of not less than 10 acres at a total price of $45 per acre, payable one-fourth down and the balance in 3 equal annual payments

Proceeds for working capital, as payment for land sold and for development work and materials

Registration Statement No. 2-4935. Form S2 (1-28-42)

TUESDAY, FEB. 17

TREASURE MOUNTAIN GOLD MINING CO.
Treasure Mountain Gold Mining Co. filed a registration statement with the SEC for 150,000 shares common stock, 25 cents par value

Address—Denver, Colo.

Business—Company has been organized to develop and operate gold and silver mines on Treasure Mountain, in San Juan County, Colo.

Underwriting—None

Offering—Company will sell such shares directly to the public, at a price of 50 cents a share

Proceeds will be used for working capital

Registration Statement No. 2-4937. Form S3 (1-29-42)

WEDNESDAY, FEB. 18

LIQUID CARBONIC CORP.
The Liquid Carbonic Corp. has filed a registration statement with the SEC for 30,000 shares of Cumulative Preferred Stock, Series A, $100 Par. The dividend rate will be supplied by amendment to the registration statement

Address—3100 S. Kedzie Ave., Chicago, Ill.

Business—Business now done by company and its subsidiaries consists of the manufacture and sale of consumable products (carbonic gas and dry ice; extracts used in preparation of beverages and food; oxygen, acetylene and medical gases; and durable products (soda fountain bars, luncheonette equipment, ice cream cabinets, bottling equipment)

Underwriting — Principal underwriters are: Laird, Bissell & Meeds; Spencer Trask & Co.; Merrill Lynch, Pierce, Fenner & Beane, all of New York. Names of the other underwriters will be supplied by amendment

Offering—The preferred stock will be offered to the public, at a price to be announced in a later amendment to the registration statement

Proceeds will be used to extent of $700,000 toward the partial prepayment of an outstanding bank loan; remainder of the net proceeds will be added to company's working capital

Registration Statement No. 2-4938. Form A2 (1-30-42)

THURSDAY, FEB. 19

LERNER STORES CORP.
Lerner Stores Corp. has filed a registration statement with the SEC for $2,000,000 Ten Year Sinking Fund Debentures, due Jan. 1, 1952. Interest rate by amendment

Address—Baltimore, Md., and New York City

Business—This holding company operates, through its subsidiaries, a chain of 178 retail stores selling women's wearing apparel at moderate prices on a cash and carry basis

Underwriting — Merrill Lynch, Pierce, Fenner & Beane, of New York, are principal underwriters; others will be named by amendment

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

Proceeds will be advanced to Associated Lerner Shops of America, Inc. (N. Y.), which will use the net proceeds so advanced as additional working capital or will advance all or a part thereof to other subsidiaries for use as additional working capital

Registration Statement No. 2-4939. Form A2 (1-31-42)

SATURDAY, FEB. 21

ATLANTIC CITY ELECTRIC CO.
Atlantic City Electric Co. filed a registration statement with the SEC for 62,000 shares of Cumulative Preferred Stock, $100 par; dividend rate will be furnished by amendment

Address—Atlantic City, N. J.

Business—This subsidiary of American Gas & Electric Co. is engaged in the generation, transmission, distribution and sale of electric energy in the southern part of New Jersey, including Atlantic City, and is also engaged in furnishing hot water heating service in a limited area in Atlantic City and steam for heating to two customers at its Atlantic City plant. About 99% of gross revenues are derived from electric service

Underwriting and Offering—As soon as practicable after the registration statement becomes effective, company proposes publicly to invite proposals for purchase of 49,000 shares of the new preferred stock, under competitive bidding rule of Holding Company Act. Provision is made that the remaining 13,000 shares of new preferred stock registered will be offered under an Exchange Offer, as follows: holders of the 26,283 shares of $6 preferred stock held by the public will be entitled to receive one share of new preferred stock for each share of $6 preferred stock exchange, plus an amount in cash per share equal to the excess of the redemption price of $120 per share of the $6 preferred stock, plus accrued dividends to the date of redemption, over the initial public offering price of the new preferred stock. The exchange offer will expire not later than the fifth day after such offer is made. Should holders of the $6 preferred stock held by the public take more than 13,000 shares of new preferred stock under the Exchange Offer, then the number of shares of new preferred stock to be sold under competitive bidding will be reduced by such excess; and if less than 13,000 shares of new preferred are taken under the Exchange Offer, then the successful competitive bidders will have the option to purchase the additional shares represented by such deficiency at the same price per share as they have bid for the other shares

Public offering price, and the names of the underwriters, will be supplied by amendment

Proceeds from sale of the 62,000 shares new preferred stock, plus a capital contribution in cash of $2,500,000 to be made to company by American Gas & Electric Co., the parent company, will be used for following purposes: $3,059,200 to purchase from American Gas & Electric Co. 30,592 shares of $6 preferred stock (at its cost); $3,153,960 to be deposited with the redemption agent, for the redemption of 26,283 shares of $6 preferred stock (to be called for redemption at $120 per share), outstanding in the hands of the public; $2,500,000 to discharge open account indebtedness to American Gas & Electric Co.; and the balance for corporate purposes

Registration Statement No. 2-4941. Form A2 (2-2-42)

UNION ELECTRIC CO. OF MISSOURI
Union Electric Co. of Missouri filed a registration statement with the SEC for 2,695,000 shares common stock, no par

Address—315 N. Twelfth Blvd., St. Louis, Mo.

Business—This subsidiary of The North American Co. is engaged primarily in the transmission, distribution and sale of electric energy, which it generates and purchases from its subsidiaries, serving the city of St. Louis, Mo., and portion of 5 adjacent Missouri counties and of 3 counties in Missouri adjacent to the company's Osage hydroelectric plant

Underwriting—Dillon, Reed & Co., New York, is named the principal underwriter. Names of the other underwriters will be supplied by amendment

Offering—The 2,695,000 shares of company's common stock are outstanding and are owned by its parent, The North American Co., who will receive the entire proceeds from the sale to the public of such shares

Registration Statement No. 2-4940. Form A2 (2-2-42)

Union Electric Co. of Missouri, on Feb. 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. Such underwriters, and the maximum number of shares of such common stock which each has agreed to purchase, are as follows:

	Shares
Dillon, Read & Co.	129,360
A. C. Allyn & Co., Inc.	24,255
Almstedt Brothers	2,695
Auchincloss, Parker & Redpath	5,390
Bacon, Whipple & Co.	5,390
Baker, Watts & Co.	5,390
Baker, Weeks & Harden	5,390
Ball, Coons & Co.	2,695
Bankamerica Co.	5,390
Bankers Bond & Securities Co.	2,695
Battles & Co., Inc.	2,695
Bear, Stearns & Co.	5,390
A. G. Becker & Co., Inc.	10,780
Blair, Bonner & Co.	2,695
Blair & Co., Inc.	13,475
Blyth & Co., Inc.	102,410
Bodell & Co., Inc.	8,085
Bond & Goodwin, Inc.	2,695
Y. E. Booker & Co.	2,695
Bosworth, Chanute, Loughridge & Co.	2,695
Alex. Brown & Sons	10,780
Burr & Co., Inc.	2,695
H. M. Byllesby & Co., Inc.	2,695
Frank B. Cahn & Co.	2,695
Central Republic Co.	24,255
Childress & Co.	2,695
Clark, Dodge & Co.	18,865
E. W. Clark & Co.	5,390
Coffin & Burr, Inc.	43,120
Cooley & Co.	2,695
Crago, Smith & Canavan	5,390
Curtiss, House & Co.	2,695
J. M. Dain & Co.	2,695
R. S. Dickson & Co., Inc.	5,390
Dominick & Dominick	53,900
Drexel & Co.	21,560
Eastman, Dillon & Co.	13,475
Eckhardt-Peterson & Co., Inc.	2,695
A. G. Edwards & Sons	8,085
Equitable Securities Corp.	5,390
Estabrook & Co.	13,475
Ferris Exnicios & Co., Inc.	2,695
First Boston Corp.	107,800
First of Michigan Corp.	8,085
Folger, Nolan & Co., Inc.	8,085
Francis, Bro. & Co.	18,865
Gatch Bros., Jordan & McKinney, Inc.	13,475
Glenny, Roth & Doolittle	2,695
Glore, Forgan & Co.	53,900
Goldman, Sachs & Co.	53,900
Graham, Parsons & Co.	13,475
Granbery, Marache & Lord	2,695
Green, Ellis & Anderson	5,390
Hallgarten & Co.	5,390
Harriman Ripley & Co., Inc.	83,545
Harris, Hall & Co., Inc.	24,255
Hawley, Shepard & Co.	2,695
Hayden, Miller & Co.	5,390
Hayden, Stone & Co.	8,085
Hemphill, Noyes & Co.	18,865
Hill Brothers	10,780
J. J. B. Hilliard & Son	2,695
Hirsch, Lilienthal & Co.	5,390
Hornblower & Weeks	10,780
E. F. Hutton & Co.	8,085
W. E. Hutton & Co.	10,780
Illinois Co. of Chicago	5,390
Jackson & Curtis	10,780
Johnston, Lemon & Co.	8,085
Edward D. Jones & Co.	8,085
Kidder, Peabody & Co.	43,120
Kuhn, Loeb & Co.	102,410
Ladenburg, Thalmann & Co.	43,120
W. W. Lanahan & Co.	2,695
W. C. Langley & Co.	43,120
Lazard Freres & Co.	24,255
Lee Higginson Corp.	24,255
Carl M. Loeb, Rhoades & Co.	2,695
Loewi & Co.	2,695
Mackubin, Legg & Co.	2,695
Laurence M. Marks & Co.	13,475
Mason-Hagan, Inc.	2,695
McCourtney-Breckenridge & Co.	2,695
McDonald-Coolidge & Co.	5,390
Mellon Securities Corp.	83,545
Merrill Lynch, Pierce, Fenner & Beane	16,170
Merrill, Turben & Co.	2,695
Metropolitan St. Louis Co.	16,170
Milwaukee Co.	5,390
Mitchum, Tully & Co.	10,780
Moore, Leonard & Lynch	5,390
Morgan Stanley & Co.	107,800
F. S. Moseley & Co.	24,255
Maynard H. Murch & Co.	2,695
G. M.-P. Murphy & Co.	10,780
Newhard, Cook & Co.	24,255
Newton, Abbe & Co.	5,390
The Ohio Co.	2,695
Otis & Co.	8,085
Pacific Co. of California	2,695
Page, Hubbard & Asche	2,695
Paine, Webber & Co.	10,780
Piper, Jaffray & Hopwood	5,390
Putnam & Co.	8,085
Rauscher, Pierce & Co., Inc.	5,390
Reinholdt & Gardner	10,780
Reynolds & Co.	5,390
Riter & Co.	24,255
Robinson, Rohrbaugh & Lukens	2,695
E. H. Rollins & Sons, Inc.	43,120
L. F. Rothschild & Co.	10,780
Schoellkopf, Hutton & Pomeroy, Inc.	8,085
Schwabacher & Co.	8,085
Chas. W. Scranton & Co.	8,085
Shields & Co.	83,545
I. M. Simon & Co.	13,475
Singer, Deane & Scribner	5,390
Smith, Barney & Co.	83,545
Smith, Moore & Co.	13,475
William R. Staats Co.	8,085
Starkweather & Co.	2,695
Stein Bros. & Boyce	5,390
Stern Brothers & Co.	10,780
Stern, Wampler & Co., Inc.	8,085
Stifel, Nicolaus & Co., Inc.	24,255
Stix & Co.	18,865
Stone & Webster and Blodget, Inc.	83,545
Stroud & Co., Inc.	5,390
Lowry Sweeney, Inc.	2,695
Spencer, Trask & Co.	83,545
Tucker, Anthony & Co.	24,255
Union Securities Corp.	102,410
G. H. Walker & Co.	83,545
Wells-Dickey & Co.	5,390
Whitaker & Co.	16,170
White, Weld & Co.	16,170

Calendar of New Security Flotations

Whiting, Weeks & Stubbs, Inc.	8,085
O. H. Wibbing & Co.	2,695
The Wisconsin Co.	24,255
Dean Witter & Co.	43,120
Harold E. Wood & Co.	5,390

SUNDAY, MARCH 1

GROUP SECURITIES, INC.

Group Securities, Inc., has filed a registration statement with the SEC for 5,620,000 shares of capital stock, 1 cent par value

Address—1 Exchange Pl., Jersey City, N. J.

Business—Company is a mutual investment company

Underwriting and Offering—The shares registered will be sold to the public at asset value plus a distribution charge; Distributors Group, Inc., is the underwriter

Proceeds will be used for investment purposes

Registration Statement No. 2-4944. Form A-1 (2-10-42)

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, Dec. 13, Dec. 30, 1941 and Jan. 16, 1942 to defer effective date

Registration Statement withdrawn Feb. 3, 1942

AMERICAN BAKERIES CO.

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

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

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

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

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

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

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

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

Amendments filed Nov. 21, Dec. 8, Dec. 26, 1941, Jan. 12, Jan. 29, and Feb. 7, 1942 to defer effective date

BEAR MINING AND MILLNG COMPANY

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

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

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

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

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

Amendments filed Dec. 3, Dec. 31, 1941 and Jan. 19, 1942 to defer effective date

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 $6 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, Dec. 27, 1941, Jan. 13 and Jan. 30, 1942, to defer effective date

COLUMBIA GAS & ELECTRIC CORP.

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

Address—61 Broadway, N. Y. C.

Business—Public utility holding company

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

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

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

Amendments filed Nov. 18, Dec. 6, Dec. 24, 1941, Jan. 12 and Jan. 31, 1942, to defer effective date

ELMORE OIL CORP.

Elmore Oil Corp. registered with SEC 14,000 shares common stock, $5 par value of which 1,376 shares have been sold heretofore and rescission offer is made

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

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

Underwriters—None

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

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

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

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

Registration Statement withdrawn Jan. 12, 1942 and stop order proceedings discontinued

Effective 4:45 p.m. EST on Jan. 6, 1942

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 1956; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

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

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

Amendments filed Nov. 27, Dec. 15, 1941, Jan. 2, Jan. 20, and Feb. 6, 1942 to defer effective date

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)

Amendment filed Jan. 29, 1942 to defer effective date

HASTINGS MANUFACTURING CO.

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

Address—Hastings, Mich.

Business—Manufactures and sells piston rings and expanders

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

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

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

Public offering price is $9.50 per share

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

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

Amendments filed Jan. 8 and Jan. 24, 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, Jan. 2, Jan. 21 and Feb. 7, 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 6% non-cumulative convertible preferred stock, $10 par, of company, at a price to be supplied by amendment (20,665 shares of such preferred to be sold by former, 4,335 shares by latter). Underwriters agree that immediately following delivery to them of such shares of preferred stock, each will convert same, share for share, into a total of 25,000 shares of common stock of company

Proceeds will be received by the underwriters

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

Amendments to defer effective date filed Dec. 22, 1941, Jan. 9 and Jan. 27, 1942

LA CROSSE TELEPHONE CORP.

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

Address—La Crosse, Wisconsin

Business—Telephone service to La Crosse Wis.

Underwriter—Alex. Brown & Sons

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

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

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

Amendments filed Nov. 19, Dec. 8, Dec. 26, 1941, Jan. 14 and Feb. 2, 1942, to defer effective date

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅛ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

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

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

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅛ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

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

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

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

MERCHANTS & MANUFACTURERS SECURITIES CO.

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

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

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

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

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

Amendments filed Dec. 27, 1941 and Jan. 13, 1942, to defer effective date

Registration Statement withdrawn Jan. 22, 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. (12-26-41 Cleveland)

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

NORTHERN NATURAL GAS CO.

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

Address — Aquila Court Bldg., Omaha Nebraska

Business—Production and transmission of natural gas

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

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

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

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

Northern Natural Gas Co. filed an amendment to its registration statement of shares of its $20 par value common stock proposed to be offered to the public has been reduced from 710,500 shares to 355,250 shares. According to the amendment, such 355,250 shares are those that are presently owned, and outstanding, by North American Light & Power Co., and are to be offered to public for the account of American Light & Power Co.

The 355,250 additional shares orginally registered with the SEC on April 21, 1941, for public offering, and withdrawn from registration were subsequently registered and became effective. These shares constituted the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

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)

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3⅜% bonds, due Dec. 1, 1971

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

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

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

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

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

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

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

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

Amendment filed Jan. 31, 1942 to defer effective date

SOUTH CAROLINA INSURANCE CO.

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

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

Business—Engaged principally in the writing of fire insurance

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

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

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

Amendments filed Dec. 16, 1941, Jan. 3 and Jan. 22, 1942 to defer effective date

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. 2-4928. Form A1 (1-9-42)

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, Dec. 31, 1941, Jan. 19 and Feb. 7, 1942 to defer effective date

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, Jan. 10 and Jan. 31, 1942

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)

Urges Federal Income Tax From State Returns

Deduction of Federal income taxes in computing New York State income taxes is urged upon Governor Lehman in a letter dated Jan. 22 addressed to him by Percy C. Magnus, President of the New York Board of Trade. The necessity and also the fairness of this proposal is stressed by Mr. Magnus, who says "it is needless to remind you that corporations and individuals will be called upon this year by the Federal government for great financial sacrifices to pay only a part of "our war effort." He adds that 'we are not unmindful of the part that the State is taking in the National Defense Program. But, States' and cities' costs should yield to the requirements of the Federal government. It is the same individuals and corporations that are paying the taxes."

His letter continues:

Income taxes, both Federal and State, rest on the philosophy that each should pay in proportion to ability. It logically follows that the taxes paid to the Federal government decrease the ability to pay to the State. The mounting schedules of the Federal government give emphasis to the point this year. It is not only a "tax upon a tax," which is wrong in theory, but it is a tax upon an unprecedented high tax, which becomes a burden.

The only justification that we have heard is that the State cannot afford to do the right and fair thing. We have heard that if these deductions are permitted—then new taxes must be found. This is not a case where two wrongs make a right. The imposition of a new tax would not a wrong—if it is necessary to meet a State expense.

But every succeeding year that the State imposes and collects its income tax, including as net income, the amounts paid to the Federal Government, that does constitute a continuing and a grievious wrong.

We sincerely trust that irrespective of the consequences of the necessities of imposing new taxes to make up deficits, that the State will clear this system of imposing a "tax upon a tax," as is done at present.

New Cotton Exch. Members

At a meeting of the Board of Managers of the New York Cotton Exchange held on Feb. 5, the following were elected to membership in the Exchange: Jose de la Mora, of Mexico City, Mexico; Dudley S. Weaver, Jr., of Memphis, Tenn., a partner of Caughlin, Weaver & Co., cotton merchants, and Frank A. Miller, of Chicago, Ill., a partner of James E. Bennett & Co. Mr. Weaver is also a member of the New Orleans and Memphis Cotton Exchanges and Mr. Miller is a member of the New Orleans Cotton Exchange, Chicago Board of Trade, and Minneapolis Chamber of Commerce.

Says Government Outlays Must Be Cut

Pointing out that it has quickly become apparent that we cannot be "the arsenal of democracy" without sacrifices on the home front, Henry H. Heimann, Executive Manager of the National Association of Credit Men, in the Association's January "Review of Business" released on Jan. 17, states that we must expect a conversion of 50% of our productive capacity to war needs and must pay increasingly higher taxes to meet the $50,000,000,000 war effort.

"That means belt-tightening," Mr. Heimann warns. "Let us, however, recognize that with a current national income of $100,000,000,000, our $50,000,000,000 war effort will still leave available an equal amount in goods and services." He added:

"Although the price level has risen since 1932-33 and therefore makes close comparison difficult, nevertheless we should bear in mind that during those two years our total national income was down to the $40,000,000,000 level. On the other hand, the wide variety of goods and services available during that period of depressed national income was greater than that which we will have in the period ahead."

While the pinch brought on by the defense effort will be felt by industry and consumers, Mr. Heimann points out that "the government too will note the effect of these necessarily stringent policies. To cite one example, the restrictions on autos and automobile tires will mean a considerable reduction in the revenues received by the Federal and State governments."

He added that this justified immediately effecting a reduction in Federal non-defense expenditures and in State and local governmental costs.

More Passenger Cars Air-Conditioned

Class I railroads and the Pullman Company had 12,787 air-conditioned passenger cars in operation on Jan. 1, 1942, according to reports received by the Association of American Railroads and made public on Feb. 6. This was an increase of 587 compared with the number of air-conditioned passenger cars on Jan. 1, 1941, at which time there were 12,200 passenger cars so equipped.

Of the total number of such cars, Class I railroads on Jan. 1, 1942, had 7,523, an increase of 562 compared with the same date last year. The Pullman Company on Jan. 1 this year had 5,264 air-conditioned passenger cars in operation, or an increase of 25 compared with Jan. 1, 1941.

U. S. Blacklist Extended To 1,800 In Europe

The State Department announced on Jan. 14 that "The Proclaimed List of Certain Blocked Nationals" has been broadened to include 1,800 Axis and non-Axis companies, firms and individuals in Portugal, Spain, Sweden, Switzerland and Turkey. This action brought to almost 5,000 the number of concerns and individuals in Latin America and European countries with which persons in the United States no longer may engage in business or financial transactions.

The original proclaimed list, issued July 17, 1941, covered 1,800 German and Italian firms and individuals in Latin America, and the list subsequently was revised and expanded to cover hundreds of Japanese firms and individuals. The new list carries the names of 506 firms or individuals doing business in Portugal, 166 in Portuguese possessions, 369 in Spain, 52 in Spanish possessions, 82 in Sweden, 196 in Turkey and more than 400 in Switzerland.

Farm Credit Problems

A. G. Black, Governor of the Farm Credit Administration, announced membership of a national committee of representatives of insurance companies, mortgage lenders, bankers and the Government to consider current agricultural credit problems. This committee is the outgrowth of a meeting called by Governor Black last September to explore ways and means of curtailing speculation in farm real estate, should such get under way, and the possibilities of stabilizing land values through more uniform farm appraisals. At that time, says the Department, it was agreed that each of the lending groups represented would name a representative to participate in future meetings. They include the following:

S. F. Westbrook, Aetna Life Insurance Co., Hartford, Conn.

Paul Bestor, Prudential Insurance Co., Newark, N. J.

Glen E. Rogers, Metropolitan Life Insurance Co., New York City.

H. D. Thomas, Northwestern Mutual Life Insurance Co., Milwaukee, Wisc.

F. W. Hubbell, Equitable Life Insurance Co. of Iowa, Des Moines, Iowa.

Charles F. O'Donnell, Southwestern Life Insurance Co., Dallas, Tex.

Howard Cox, Union Central Life Insurance Co., Cincinnati, Ohio.

S. M. Waters, Mortgage Bankers' Association.

Eugene R. Black, Investment Bankers' Association of America.

Otis Thompson, American Bankers' Association.

Edward A. O'Neil, American Farm Bureau Federation, Chicago, Ill.

H. E. Babcock, National Council of Farmer Cooperatives, Ithaca, N. Y.

James G. Patton, National Farmers' Union.

A. S. Goss, National Grange, Washington, D. C.

Chester Morrill, Secretary, Board of Governors, Federal Reserve System.

Donald S. Thompson, Federal Deposit Insurance Corporation.

Harold Rowe, Office of Price Administration.

C. B. Baldwin, Farm Security Administration.

Charles B. Henderson, Reconstruction Finance Corporation.

R. B. McCandless, Deputy Comptroller of the Currency.

Eric Englund, Bureau of Agricultural Economics, Department of Agriculture.

B. R. Stauber, Office of Land Use Coordination, Department of Agriculture.

W. B. De Haven Dead

William B. De Haven, partner in De Haven & Townsend, prominent Philadelphia and New York stock brokerage firm, died at his home at the age of 65. Mr. De Haven, who was a member of the New York Stock Exchange, made his headquarters at his firm's New York office, 30 Broad Street.

Far East Rubber Imports Are Still Continuing

Jesse H. Jones, Secretary of Commerce and Federal Loan Administrator, disclosed on Feb. 3 that the United States has received 114,000 tons of rubber from the Dutch East Indies and other Far Eastern sources since the outbreak of the war with Japan. Secretary Jones indicated this in testifying before the House Banking and Currency Committee, according to Associated Press accounts from Washington, which stated:

Mr. Jones said that the United States is continuing to get all the rubber produced in the Dutch East Indies. He estimated that production at between 30,000 and 40,000 tons a month. Actual deliveries since Dec. 7 have amounted to 114,000 tons. In January, receipts amounted to 76,000 tons, while shipments totaled 58,000 tons, he said. He placed losses of rubber from ship sinkings at only 1,850 tons, but told the committee that 3,900 tons now in the Philippines are in jeopardy.

Of the 114,000 tons received Mr. Jones said 70,000 had been sold, while the remaining 44,000 tons had been added to the Government's stock pile.

"I do not think we can get a normal amount of rubber next year, but we can get along with care on what we have and can get," he added.

ABA Mortgage Clinic In San Francisco

Completion of the program for the real estate mortgage clinic to be held in San Francisco, Calif., Feb. 26-27, under the sponsorship of the Savings Division of the American Bankers Association, is announced by Stuart C. Frazier, the Division's President, who is Executive Vice-President of the Washington Mutual Savings Bank, Seattle. The San Francisco clinic is the fourth to be held in a nationwide series of real estate mortgage conferences under the auspices of the Association's Savings Division. Invitations to attend the clinic have been extended to the banks of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming.

The program for the clinic follows the pattern of informal, "question and answer" discussion of real estate and mortgage problems established during the sessions of the previous conferences. The theme of the clinics, "Real Estate Mortgage Finance in the War Emergency," will also be that of the San Francisco sessions. Major topics of discussion are to be "Financing Defense Housing," "Mortgage Lending Policies Under War Conditions," "Current Legal and Insurance Problems in Connection with Mortgage Loans," and "Mortgage Lending Practices of Today." Following open discussion on these four principal topics, a general forum on "The Effect of the War Economy on Mortgage Lending" will be held under the leadership of Dr. Ernest M. Fisher, ABA Director of Research in Mortgage and Real Estate Finance.

Headquarters for the clinic will be the St. Francis Hotel in San Francisco.

Seaboard RR. Interesting

L. H. Rothchild & Co., 11 Wall Street, New York City, specialists in rail securities, have prepared a special circular on Seaboard divisionals and leased lines, which may be had from the firm upon request.

Henry Abbot In New York

Henry W. Abbot has opened offices at 30 Broad Street, New York City, to engage in a general securities business.

W. T. Patten Jr. Is Now With Blyth & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH.—William T. Patten, Jr., has become associated with Blyth & Co., Inc., 1411 Fourth Avenue Building. Mr. Patten, a member of the Seattle Stock Exchange, was formerly Vice-President and manager of the trading department of Badgley, Frederick, Rogers & Morford. Prior thereto he was manager of the trading department for Wm. P. Harper & Son & Co.; he was President of Patten, Eyman & Co., was an officer of Drumheller & White, and in the past was in the trading department of Smith & Strout, Inc., and the local office of Blyth & Co.

W. T. Patten, Jr.

Mr. Patten is active in the affairs of the National Security Traders Association and the Bond Traders Club of Seattle, of which he is a former president.

Silloway Made Treas. Of Mutual Life of NY

Stuart F. Silloway, Assistant Financial Manager of the Mutual Life Insurance Company of New York, has been elected Treasurer of the company by the Board of Trustees, effective immediately, according to an announcement made today by Lewis W. Douglas, President. Mr. Silloway will succeed G. C. Turner, who is retiring on July 1 after 47 years of service with the company and who will be on leave of absence until that time.

Mr. Silloway jointed the Mutual Life in its financial department in 1933 and became Assistant Financial Manager in 1939. Prior to his association with Mutual Life, he was connected with the investment firm of Webster, Kennedy & Co. and, from 1929 to 1933, with Kidder, Peabody & Co., investment bankers.

Our Reporter On "Governments"

There's no point in guessing now the terms of tomorrow's borrowing, for you'll know them within a few hours. . . . Bonds plus notes are the general expectation. . . . Some for commercial banks, some for insurance companies, with enough investors eager to buy to assure heavy oversubscription of the $1,500,000,000 cash borrowing. . . . Despite the restrictions on free riding. . . . Despite the choice of a day squeezed in between a holiday and a week-end and marked in red letters on the calendar of the superstitious. . . . Despite the fact that this is the first cash financing since Pearl Harbor. . . .

Without knowing all details, these things may be predicted:

The issue will be heavily oversubscribed; allotments may range from 12 to 18% against 11 and 15% on the December issue and 12½% on the October issue; still, considering the free riding regulations, that will be good. . . .

The subscription books will be closed tomorrow night. . . .

The securities should rise at least to a ¾ point premium and maybe to 1¼ or 1½ points. . . .

The issue will be a success, because it must be, because Secretary Morgenthau cannot afford a failure at this of all times. . . .

So buy them. . . . Pick up the bonds and/or notes to the limit of your ability. . . . If you want to sell them later and shift into issues already outstanding, fine—do so. . . . But make the best of these now-and-then opportunities to build up your margin of profit. . . .

With tomorrow's borrowing the main topic of conversation in Government bond circles today, the prediction of a top Government official on the total debt before the war ends appears of unusual significance. . . . In an off-the-record talk, he said the debt would reach $250,000,000,000 mark. . . . That Treasury officials and other spokesmen for the Administration now were speaking in those terms. . . . That the question in their minds was not what the debt would be eventually, but how best they could accustom the public to this outlook. . . .

The debt now is $61,000,000,000. . . . The debt limit is $65,000,000,000. . . . This month, about $800,000,000 defense bonds will be sold in addition to the current new money borrowing from open market investors. . . . In other words, the borrowing leeway is getting mighty narrow. . . .

There are several sidelight angles to this prediction, which must be given full weight:

(1) Apparently, officials are anticipating a war of at least three to four years' duration or they wouldn't be forecasting a $250,000,000,000 debt before the end of the conflict. . . .

(2) They also are expecting a tremendous speed-up in borrowing, a speed-up which will dwarf the $15,000,000,000 debt increase in the last 12 months. . . . To build the debt to four times its present total in a few years is going to mean security issues of almost inconceivable size. . . .

(3) They're resigned to paying for the major costs of the war through borrowing—borrowing from individuals, from commercial banks, from insurance companies, from the Federal Reserve Banks. . . . Otherwise, a debt total of this magnitude wouldn't be dreamed of. . . . The way it looks now, borrowing will meet 50 to 66⅔% of the war costs; taxation, only ⅓ to 40 or 50%. . . .

That won't better the record of the first World War by any appreciable margin. . . . We paid for 32% of the extraordinary expenditures of the first World War through taxation; obtained the balance through sales of Liberty bonds to the public. . . .

Removal of Limit

And, finally, we may be confident now that the Treasury will fight for and be satisfied with nothing less than a complete suspension of the debt limit. . . . Raising the maximum once or twice a year doesn't serve any purpose, when we're facing debt figures of this size. . . . The semi-annual or annual discussions simply undermine public morale, arouse confusion, open the way to political power fights. . . . We might as well resign ourselves to a suspension of the limit for the duration and give the public as little opportunity as possible to get worried about the debt burden. . . .

At the rate of debt increase currently, it would be natural for Congress to take up the debt question within a month or so. . . . Removal of any and all limits on borrowing should follow shortly thereafter. . . .

Tax-Exemption

Latest reports from Washington, State centers and experts indicate growing belief that the Treasury won't succeed in its attempt to tax outstanding State and municipal securities. . . . That, at best, it will secure only the right to tax future issues of States and municipalities. . . .

Which is exactly in line with the repeated suggestions of this column. . . . With its recommendation that you view the tax-exemption fight calmly and take advantage of the upset markets to build up your profits and income position. . . .

Assuming the opinions now being expressed are correct, there is less reason than ever to doubt the position of outstanding tax-exempt Federals. . . . If the Treasury has to fight so bitterly for taxation on outstanding States and municipals, it hasn't much of a chance of slipping by with taxation of outstanding Federal obligations. . . .

Maybe, Congress eventually will vote taxation of outstanding local obligations. . . . The timing of this is a more crucial point than the ultimate decision. . . .

But we may be sure that taxation of outstanding Federal tax-exempts won't come until after taxation of local exempts has been accomplished. . . . There's your "timing" clue. . . .

And we may be sure that all tax-exempts now out are safe for a while. . . .

You can guide your actions accordingly. . . . And when the word "safe" is used, it includes "indirect" as well as "direct" action. . . .

Tax-Anticipations

Don't count too heavily on the tax payments March 15. . . . For the fact is, Secretary Morgenthau already has collected billions of these taxes "in advance"—through the sales of tax-anticipation notes from Aug. 1, 1941, on. . . . And these sales are continuing, indicating that future tax collection dates won't be as important in the financing setup as before. . . .

To keep this market and its factors straight in your mind, you have to revise many of the rules you once followed. . . . For instance, the importance of March 15. . . . And the question of easy money conditions apart from Government control. . . . And the "timing" of market borrowings. . . . Once there were definite rules we could follow to figure out these angles, but no longer. . . . Now, March 15 isn't as important as the total sales throughout the year of tax-anticipation notes. . . . And the Government has the money markets under rigid control—with the need governing the action. . . . And market borrowings are timed to necessity, not to the "best" price. . . .

Inside The Market

The refunding calendar is clear—except, of course, for bill maturities. . . . Next issues up for refunding are the HOLC 2¼s, outstanding in the amount of $875,000,000, and the RFC 1s, outstanding in the amount of $276,000,000. . . . They're both up in July. . . .

After that comes the $342,000,000 Treasury 2s of Sept. 15; the $320,000,000 RFC ⅞s, due Oct. 15; the $232,000,000 Treasury 1¾s, due Dec. 15. . . .

None of these is important. . . . None would bother the Treasury more than casually. . . . So, Morgenthau is free to concentrate on new money borrowing as much as is necessary. . . .

Bacon, Whipple & Co. To Be NYSE Member

CHICAGO, ILL.—Bacon, Whipple & Co., 135 South La Salle Street, members of the Chicago Stock Exchange, will become a member of the New York Stock Exchange, on Feb. 19th, when William T. Bacon, senior partner of the firm, acquires the Exchange membership of John S. Chapman. Mr. Bacon also holds the firm's Chicago Exchange membership.

Partners in the firm are William T. Bacon, Jay N. Whipple, James W. Marshall, William D. Kerr, J. Preston Burlingham and Donald M. Hazeltine.

Moore, Leonard & Lynch Admitting Frothingham

Charles F. Frothingham will become a partner in Moore, Leonard & Lynch, 14 Wall Street, New York City, members of the New York Stock Exchange and other leading exchanges. Mr. Frothingham will act as alternate on the floor of the New York Stock Exchange for James R. Leonard under section 15, article IX.

John E. Wheeler To Be Hicks-Price Partner

CHICAGO, ILL. — John E. Wheeler will become a partner in Hicks & Price, Continental Illinois Bank Building, members of the New York Stock Exchange, on Feb. 13th. Mr. Wheeler has recently been a partner in Fuller, Cruttenden & Co. and prior thereto was with Ernst & Co. and was proprietor of John E. Wheeler & Co. for many years. Mr. Wheeler is a member of the Chicago Stock Exchange and Chicago Board of Trade.

Edgar Scott Nominated Phila. Exchange Pres.

PHILADELPHIA, PA.—Edgar Scott, senior partner of Montgomery, Scott & Co., was nominated for the presidency of the Philadelphia Stock Exchange, to succeed B. Frank Townsend, Jr., President of the Exchange for the past two years. Mr. Townsend, who did not seek re-election, will become a member of the governing committee.

Mr. Scott is Vice-President of the Philadelphia Exchange and is a Governor of the New York Stock Exchange.

Frank G. Hayes Joins Evans, Stillman & Co.

Evans, Stillman & Co., 14 Wall Street, New York City, members of the New York Stock Exchange, announce that Frank G. Hayes has become associated with the firm in charge of its bond trading department. Mr. Hayes was formerly with Salomon Bros. & Hutzler and, for the past year, has been manager of the bond trading department of the Chicago office of Bear, Stearns & Co.