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N. Y. State Transfer Laws Should Be Amended

Now is the time for Albany to end the long-standing and destructive burden of the State stock transfer tax as increased for "emergency" revenue in 1932 and continued down to this day.

Two reasons meet to make rescinding of the tax desirable.

First, the figures now overwhelmingly support the Wall Street district in its argument that the tax, like the capital gains tax, does the tax-collecting agency more harm than good.

Second, the pressure for immediate and heavy revenue is abated by the war.

It has long been the contention both of the local Exchanges and of the Over-the-Counter business, that the present stock transfer tax, by far the highest in the United States, has definitely turned business away from Wall Street to competing exchanges and trading desks in other cities. Two years ago petitions bearing 100,000 signatures were presented to Albany for modification of the tax on these grounds. Delegation after delegation of Wall Street representatives carried the message to Albany, including 600 employees from Lower Manhattan who paid their own transportation and gave up their holiday on Lincoln's Birthday in 1940 to press petition on the State legislature.

Over and over these folk told Albany that the present stock transfer tax was driving stock business out of the State of New York, with consequent damage to Wall Street, to its ability to employ New Yorkers, and to its ability to pay rents to Lower Manhattan real estate owners. In fact they convinced the Legislature—but not the Governor. When the Legislature voted to revise the tax, the Governor left the bill in his pocket. Presumably he felt the State could not spare the revenue, regardless of the effect on State business.

Statistical evidence of Wall Street's contention has heretofore been impressive but not overwhelming. Brokers and dealers have been losing business here, but also elsewhere in the country. Trading volume has declined slightly further in New York City than in other parts of the country —but perhaps that might be blamed on the SEC's flair for favoring the interior, or just on the general public's allergy to Wall Street.

But "listen here" to the 1941 figures. In 1941 the New York Stock Exchange and the New York Curb Exchange each did 20% less business than in 1940. "All right," you say, "trading on the auction markets is just going out of

(Continued on page 754)

OUR REPORTER'S REPORT

Though forewarned of the likelihood of such development, the reverses suffered by the Allied cause in the last fortnight have found their repercussions in financial markets much to the detriment of contemplated new corporate underwritings.

Whereas a few weeks ago bankers were quite confident of their ability to go through with business in prospect, there is currently a feeling of drab uncertainty with regard to early resumption of new offerings.

Behavior of the markets, as might be expected, has not been conducive to attempts at new financing or refunding of outstanding loans which had been in process of completion.

A number of such proposals, which had virtually reached the offering state, now appear to have been set back indefinitely as a consequence.

Even if the seasoned market were to establish a firm base, around current levels, it is pointed out, the new issues in prospect would, of necessity, be subject to considerable revision from original terms.

Such adjustment might dissuade the issuer it is argued. But along with that side of the picture, there is an indisposition in underwriting and dealer circles to take on commitments under prevailing uncertain circumstances.

It is quite generally agreed that neither potential issuer, nor underwriting banker is likely to display any real enthusiasm for new undertakings at least until the market has adjusted itself more fully to conditions.

Detroit Foregoes Plan

The interruption to new offerings has not been limited by any

(Continued on page 751)

Supreme Court In Bethlehem Shipbuilding Case Rules That Congress Can Draft Business

In an opinion on Feb. 16 the United States Supreme Court ruled that Congress has the constitutional power to draft business organizations in wartime. The ruling was handed down in a 4-to-2 decision which rejected the Government's suit to recover $8,000,000 from the Bethlehem Shipbuilding Corporation which, said the United Press, the Government charged represented "unconscionable profits" on contracts for 86 ships during World War I. The majority opinion, written by Justice Black (and read by Justice Reed in the absence of Mr. Black), was joined in by Justices Reed, Murphy and Byrnes. The dissenting views were those of Justices William O. Douglas and Felix Frankfurter. Chief Justice Harlan F. Stone and Justices Owen J. Roberts and Robert H. Jackson did not participate.

Regarding the decision, we quote the following from United Press accounts from Washington:

The Court rejected the Government's contention that the exigencies of war constituted "duress" in negotiation of the contracts and held there was no fraud in their making. It affirmed a lower court decision which not only refused to allow the Government to recover, but awarded the corporation an extra $5,272,075 in addition to sums already paid.

The Court said it could not assume that Bethlehem would be recalcitrant in its wartime dealings with the Government, but that even if it had been so the Government could have commandeered "Bethlehem's entire plant and facilities." Therefore, it said, there was no duress in negotiating the contracts.

The Court's opinion said the Constitution "grants to Congress power 'to raise and support armies,' 'to provide and maintain a navy,' and to make all laws necessary and proper to carry these powers into execution."

"Its power to draft business organizations to support the fighting men who risk their lives can be no less," it added.

But if any such action is to be taken, it is up to Congress to do it, the Court said.

Justice Black's opinion rejected in entirety the Government's contentions the Bethlehem profits were "unconscionable"; that the so-called "bonus for savings" contracts—under which the corporation was promised one-half of the amount by which actual costs were lower than estimates—are invalid; or that the Government, at war, literally had a shotgun at its head when it negotiated the contracts.

"The profits made in these and other contracts entered into under the same system may justly arouse indignation," the opinion said. "But indignation based on the notions of morality of this or any other Court cannot be judicially transmuted into a principle of law of greater force than the expressed will of Congress.

"The problem of war profits is not new in this country. Every war we have engaged in has provided opportunities for

(Continued on page 753)

INDEX

Loan Provisions of the Neutrality Act

When President Roosevelt last week proposed to Congress the suspension of certain financing provisions of the Neutrality Act an important step was taken toward the righting of more than one wrong. Congress acted with commendable promptness on this matter, which concerns the ability of belligerents to borrow in our ordinary capital market. The intent of the Act was to freeze this power for the duration of any war, under the misguided notion that it was British and French war borrowing here that finally involved the United States in the first World War.

In the period after the last war such notions were debated fervently, and with far more emotion than realism. The pink-hued purveyors of anti-financial propaganda made the welkin ring with their assertions that a narrow circle of financial interests involved the nation in that struggle. The prohibition on borrowing by belligerents in the United States market followed, and no such borrowing was done in the course of the present conflict. That the United States finally got into the current war without borrowing of this nature clears away an old fraud.

Lend-lease aid to more than a score of countries, many of them belligerents, made the prohibition on ordinary market borrowing here a dead letter. There remain, however, certain financial transactions to be accomplished by belligerents, and it is most advisable to clear the legal ground for such operations. Although it is not generally realized, a delicate problem of wide scope actually is involved, and the suspension of the borrowing prohibition assuredly will tend toward settlement.

The obvious immediate aim of the Presidential proposal is to enable the Canadian Government to resume normal financial dealings with the citizens of the United States, many of whom hold sizable amounts of Canadian Government securities. In the usual spirit of misguided reform, the borrowing prohibition of the Neutrality Act was overdone and prevented not only new lending, but also refunding by belligerents. The law made no distinction between these types of borrowing, but sweepingly interdicted "any loan" and "any credit" to "any such government."

In a matter of weeks, Canada will have an opportunity to call for redemption an issue of $100,000,000 bonds with 5% coupons outstanding in the United States market. The bonds can be called for payment May 1, 1942, as against the nominal maturity of May 1, 1952. The 5% rate obviously can be bettered and in the financial interest of our northern neighbor the privilege of exercising the option plainly should be made available. The financial burden of the war upon Canada is enormous, and obstacles in the way of savings on debt service account are absurd.

Behind that problem looms another, which concerns intimately some of the other member Nations of the British Commonwealth. Just how the suspension of the financing prohibition will affect such others is not yet clear, but the assumption is warranted that aims others than the refunding of a single Canadian issue are involved. Among these probably is a restoration of Canadian provincial and municipal

(Continued on page 750)

Prescott Bush Heads USO 1942 Campaign

The appointment of Prescott S. Bush as national campaign chairman for the 1942 campaign of the United Service Organizations (USO) is announced by Walter Hoving, chairman of the board. Mr. Bush succeeds Thomas E. Dewey, who conducted the first USO drive in 1941.

Prescott S. Bush

Mr. Bush is a partner in the private banking firm of Brown Brothers Harriman & Co., 59 Wall Street, New York, which firm has already contributed to the Government the services of two of its partners in the persons of W. Averell Harriman, Minister to Great Britain, and Lend-Lease Administrator, and Robert A. Lovett, Assistant Secretary of War for Air.

Mr. Bush comes to the USO with a soldier's point of view on the morale-sustaining problem facing Army, Navy and production officials, having been on active service in 1916 during the Mexican border troubles, and in the artillery during World War I.

Merton R. DeLong Joins Staff Of Conrad, Bruce

(Special to The Financial Chronicle)

PORTLAND, OREG. — Merton R. DeLong has become associated with Conrad, Bruce & Co., 316 S. W. Sixth Avenue. Mr. DeLong for many years was active as an individual dealer in securities in Portland.

Stock Exchange House To Form Tuller, Crary,

The New York Stock Exchange firm of Tuller, Crary & Co. will be formed on March 2nd with offices at 63 Wall Street, New York City. Partners of the new firm will be Raymond de Clairville, the Exchange member, Calvert H. Crary, and Robert N. Tuller Co. Mr. Tuller has been proprietor of Robert N. Tuller Co. for many years and prior thereto was with Reynolds & Co. and the Guaranty Company of New York.

Brown Closes Advisory Dept.; Thomas Partner In Naess & Cummings

BALTIMORE, MD. — Alex. Brown & Sons announced that it has discontinued its Investment Advisory Department as of Feb. 15.

Paul B. Thomas, who has been head of the firm's investment advisory department since its inception seven years ago, has become a partner, resident in Baltimore, of the New York and Boston investment counsel firm of Naess & Cummings. Since Mr. Thomas has been chiefly responsible for the initiation of advices to clients of the department, and Naess & Cummings have been consultants to it, advices will continue to be made largely by those responsible for them in the past.

Naess & Cummings are investment advisors not only to individuals and institutions, but also to investment trusts and other investment advisors.

In announcing its withdrawal from the advisory field and concentration upon the investment banking business, Alex. Brown & Sons stated that its decision was based on the fact that it appears that a severance of the investment advisory business from the investment banking business is in accord with current trends.

NYSE Special Offering Plan Is Effective

The SEC announces that the New York Stock Exchange plan for "special offerings" has been declared effective for an experimental period. The Exchange believes that the plan may improve the market for some securities traded on its floor.

The effect of the SEC's action, declaring the plan effective, is to exempt distributions carried out in accordance with the plan from rules of the Commission prohibiting the payment of compensation for inducing purchases on the Exchange under certain conditions.

The plan of Exchange for "special offerings" and the SEC action allowing these offerings was mentioned in these columns Feb. 12, page 658.

Curb Names Officers And Committee Heads

The Board of Governors of the New York Curb Exchange, at a special meeting, elected Edwin Posner, of Andrews, Posner & Rothschild, Vice-Chairman of the Board of Governors. John T. Madden, Benjamin H. Namm, and Victor F. Ridder, Class "C" members of the Board, were reelected for a term of one year. (Class "C" Governors are composed of three representatives of the public not engaged in the securities business.) The Board approved the reappointment of the following officers and departmental heads:

Secretary, and Director of Department of Transactions: Charles E. McGowan.

Treasurer, and Director of Department of Administration: Christopher Hengeveld, Jr.

Assistant Treasurer, Joseph R. Mayer.

Director of Department of Securities: Martin J. Keena.

Director of Department of Outside Supervision: Henry H. Badenberger.

The Board also approved the appointment of the following Chairmen of the standing committees for the year 1942-1943:

Committee On Admissions, David S. Cooper; Committee On Arbitration, William B. Steinhardt; Executive Committee, Fred C. Moffatt; General Committee On Securities, Mortimer Landsberg; Committee On Listing, Mortimer Landsberg; Committee On Security Rulings, William S. Muller; General Committee On Transactions, David U. Page; Committee On Stock Transactions, David U. Page; Committee On Bond Transactions, David S. Cooper; General Committee On Outside Supervision, Albert G. Redpath; Committee On Member Firms, Albert G. Redpath; Committee On Business Conduct, Edwin Posner; Committee On Communications and Commissions, Charles H. Phelps, Jr.; Committee On Finance, Austin K. Neftel; Committee On Public Relations, Alpheus C. Beane, Jr.

The reelection of Fred C. Moffatt as Chairman of the Board of Governors of the Curb Exchange, was noted in these columns Feb. 12, page 652.

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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.

Enyart, Van Camp Is Celebrating 10 Years

CHICAGO, ILL.—Enyart, Van Camp & Co., Inc., 39 South La Salle Street, Chicago investment securities firm, celebrated their tenth anniversary on Feb. 1.

Announcement is also made that on and after Feb. 24 they will be in their new quarters at 100 West Monroe Street, Suite 701-4.

The firm deals in over-the-counter stocks and bonds, specializing in Chicago and New York bank stocks, tax warrants, special assessment and real estate bonds and collateral notes.

Officers of the corporation are: Charles E. Enyart, President; Owen V. Van Camp, Vice-President; Jean A. Horacek, Treasurer; Paul M. Ohnemus, Secretary; John W. Burke, Assistant Secretary.

Major Stephenson Leaves Chase Nat'l Bank for Army

Major Edwin A. Stephenson, Assistant Manager of the bond department of the Chase National Bank, is now at Ft. Benning, Georgia, where he is attending the course for battalion commanders and staff officers at the Infantry School of the United States Army. Thereafter he will be assigned to active duty. Major Stephenson has been connected with the bond department of the Chase bank since 1933 and before that time had been associated with the National Park Bank, White, Weld & Co. and Chase Harris Forbes Corp.

DIVIDEND NOTICES

Bayuk Cigars Inc.

A dividend of thirty-seven and one-half cents (37½¢) per share on the Common Stock of this Corporation was declared payable March 15, 1942, to stockholders of record Feb. 28, 1942.

Checks will be mailed.

John A. Snyder
TREASURER

Philadelphia, Pa.
Feb. 13, 1942

MAKERS OF PHILLIES

BRITISH-AMERICAN TOBACCO COMPANY, LIMITED
NOTICE OF DIVIDENDS TO HOLDERS OF STOCK WARRANTS TO BEARER FOR ORDINARY STOCK.

NOTICE IS HEREBY GIVEN that the Directors in their Annual Report have recommended to the Stockholders the payment on the 12th February 1942 of a Final Dividend on the issued Ordinary Stock for the year ended 30th September 1941 of threepence per £1 of Ordinary Stock free of Income Tax and have declared a first Interim Dividend on the issued Ordinary Stock for the year from the 1st October 1941 to the 30th September 1942 of fivepence per £1 of Ordinary Stock free of Income Tax, also payable on the 12th February 1942.

In order to obtain these dividends (subject to the Final Dividend being sanctioned at the Annual General Meeting to be held on the 2nd February next) on and after the 12th February holders of Ordinary Stock Warrants must deposit Coupon No. 188 with the Guaranty Trust Company of New York, 11 Birchin Lane, London, E. C. 3, seven clear business days (excluding Saturday) before payment can be made.

***Both* dividends will be paid against the deposit of one Coupon only, namely, Coupon No. 188.**

Holders of Stock Warrants to Bearer who have not exchanged Talon No. 3 for Talon No. 4 but have deposited Talon No. 3 with the Guaranty Trust Company of New York in New York, in accordance with the arrangement which has been announced in the press, are notified that Coupon No. 188 will be detached from the corresponding Talon No. 4 and cancelled by the Company in London as and when the dividends to which they are entitled are paid.

DATED the 7th day of January, 1942.
BY ORDER,
A. E. JOHNSON, Assistant Secretary.
Rusham House, Egham, Surrey.

OFFICE OF NORTHERN STATES POWER COMPANY (WISCONSIN)
Chicago Illinois

The board of directors of Northern States Power Company (Wisconsin), at a meeting held February 10, 1942, declared a dividend of one and one-quarter per cent (1¼%) per share on the Preferred Stock of the Company, payable by check March 2, 1942, to stockholders of record as of the close of business February 20, 1942, for the quarter ending February 28, 1942.

N. H. BUCKSTAFF, Treasurer.

The United Gas and Electric Corporation
One Exchange Place, Jersey City, New Jersey

February 18, 1942

The Board of Directors this day declared a quarterly dividend of one and three quarters per cent (1¾%) on the Preferred Stock of the Corporation, payable March 20, 1942 to stockholders of record March 5, 1942.

J. A. McKENNA, Treasurer.

Frank J. Brophy Joins Dickson Municipal Dept.

Frank J. Brophy has become associated with the municipal bond department of R. S. Dickson & Co., Inc. Mr. Brophy was formerly associated with Halsey, Stuart & Co., Inc. for 12 years. He will make his headquarters in the New York office, 30 Broad Street.

Magma Copper Company
Dividend No. 78

On February 18, 1942, a dividend of Fifty Cents per share was declared on the capital stock of Magma Copper Company, payable March 16, 1942, to stockholders of record at the close of business February 28, 1942.

H. E. DODGE, *Treasurer.*

KENNECOTT COPPER CORPORATION
120 Broadway, New York City

February 17, 1942.

A cash distribution of twenty-five cents (25c) a share and a special cash distribution of twenty-five cents (25c) a share have today been declared by Kennecott Copper Corporation, payable on March 31, 1942 to stockholders of record at the close of business on February 27, 1942.

A. S. CHEROUNY, Secretary.

CHRYSLER DODGE *Chrysler Corporation* DE SOTO PLYMOUTH
YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of one dollar ($1.00) per share on the outstanding common stock, payable March 14, 1942, to stockholders of record at the close of business February 28, 1942.

B. E. HUTCHINSON
Chairman, Finance Committee

AMERICAN CYANAMID COMPANY

PREFERENCE DIVIDEND

The Board of Directors of American Cyanamid Company on February 17, 1942, declared a quarterly dividend of 1¼% ($.125) per share on the outstanding shares of the 5% Cumulative Preference Stock of the Company, payable April 1, 1942 to the holders of such stock of record at the close of business March 12, 1942.

COMMON DIVIDEND

The Board of Directors of American Cyanamid Company on February 17, 1942, declared a quarterly dividend of fifteen cents (15¢) per share on the outstanding shares of the Class "A" and Class "B" Common Stock of the Company, payable April 1, 1942 to the holders of such stock of record at the close of business March 12, 1942.

W. P. STURTEVANT,
Secretary.

PERSONNEL ITEMS

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

NEW YORK, N. Y.—**Harold S. Hall** has become associated with **Hemphill, Noyes & Co.,** 15 Broad St. Mr. Hall was previously with H. C. Wainwright & Co., and prior thereto for many years was with Kean, Taylor & Co.

(Special to The Financial Chronicle)
ATLANTA, GA.—**Keith E. Osborne** has become affiliated with **Merrill Lynch, Pierce, Fenner & Beane,** Trust Company of Georgia Bldg.

(Special to The Financial Chronicle)
BOSTON, MASS. — **Ruth O. Huestis** has joined the staff of **General Stock & Bond Corp.,** 10 Post Office Square. Miss Huestis was previously with J. H. Goddard & Co. and Manwaring & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Andrew C. Stayart,** formerly with Webber, Darch & Co. and Paul H. Davis & Co., has become affiliated with **Thompson Ross Securities Co.,** 39 South La Salle St.

(Special to The Financial Chronicle)
CLEVELAND, OHIO — **Arthur N. Lindsey** has become affiliated with **Goodbody & Co.,** National City Bank Bldg. Mr. Lindsey was previously with Prescott & Co., Prescott, Jones & Co. and Bates & Co.

(Special to The Financial Chronicle)
DETROIT, MICH. — **Ethel C. Anderson** has been added to the staff of **Baker, Weeks & Harden,** Penobscot Building. Miss Anderson was previously with Wm. C. Roney & Co. and W. E. Moss & Co.

(Special to The Financial Chronicle)
FORT WAYNE, IND.—**Harry E. Hill** has become associated with **Leonard J. Fertig & Co.,** Berry, at Court St. Mr. Hill was formerly with Thomson & McKinnon for a number of years.

(Special to The Financial Chronicle)
FORT WAYNE, IND.—**Otto W. Scheumann,** formerly with Central Securities Corp., is now with **Foelber-Patterson, Inc.,** Lincoln Bank Tower.

(Special to The Financial Chronicle)
FRESNO, CALIF.—**Raymond E. Hall** has become associated with **Bankamerica Company,** Bank of America Bldg.

(Special to The Financial Chronicle)
HARTFORD, CONN. — **Edwin P. Lamphier, Jr.,** has become connected with **Trust Funds, Inc.,** 89 Broad St., Boston, Mass.

(Special to The Financial Chronicle)
INDIANAPOLIS, IND.—**Joseph H. Kehl** has become connected with **Brentlinger & Hosea, Inc.,** Fletcher Trust Bldg. Mr. Kehl was previously for a number of years with Straus Securities Co., and prior thereto with Fisher, Schmick & Watts.

(Special to The Financial Chronicle)
INDIANAPOLIS, IND.—**Tipton S. Ross** has been added to the staff of **Cochran, Morrissey & Co.,** Circle Tower Bldg.

(Special to The Financial Chronicle)
LONG BEACH, CALIF.—**Craig Craighill** is now with **W. Mel Wilson & Co.,** 136 Pine Ave.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Donald W. Davis** has become affiliated with **Bankamerica Company,** 650 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Eugene Garwood Hill,** formerly with Fewel, Marache & Co., is now with **G. Brashears & Co.,** 510 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Leonidas S. Barboza** and **Roger B. Wales** have joined the staff of **Davies & Co.,** Pacific Mutual Bldg. Both were formerly with Fox, Castera & Co.; in the past Mr. Wales was local manager for Penry & Mason.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Hugh T. Adams,** previously with M. H. Lewis & Co., is now associated with **Nelson Douglass & Co.,** 510 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**William Forbes Ingold** has joined the staff of **Eldred, Potter & Co.,** 634 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Geo. H. Bidwell** is now connected with **Dean Witter & Co.,** 634 South Spring St.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF.—**Daniel H. McKellar,** formerly with M. H. Lewis & Co., has become affiliated with **Franklin Wulff & Co., Inc.,** Bank of America Bldg.

(Special to The Financial Chronicle)
LOS ANGELES, CALIF. — **Frank E. Driscoll** has become associated with **Wyeth & Co.,** 647 South Spring St. Mr. Driscoll was previously with Fox, Castera & Co., and prior thereto with H. R. Baker & Co.

(Special to The Financial Chronicle)
LOUISVILLE, KY.—**Charles G. Helmrich** and **Edward T. Nelson** have been added to the staff of **Berwyn T. Moore & Co., Inc.,** Marion E. Taylor Bldg.

(Special to The Financial Chronicle)
OAKLAND, CALIF.—**Mel John McClure** has become connected with **L. H. Bullock,** 1501 Harrison St. Mr. McClure was formerly with Protected Investors of America and Norman B. Courteney & Co.

(Special to The Financial Chronicle)
ONTARIO, CALIF.—**Benjamin L. Poulsen** has become associated with **William R. Staats Co.,** whose main office is located at 640 South Spring St., Los Angeles, Calif. Mr. Poulsen was formerly local manager for many years for M. H. Lewis & Co.

(Special to The Financial Chronicle)
PASADENA, CALIF.—**Jerome U. Bihl,** formerly with Fox, Castera & Co., has joined the staff of **Reagan, Carr & Gaze, Ltd.,** 575 East Green St.

(Special to The Financial Chronicle)
PORTLAND, ME. — **Scott G. Bailey** is now with **Timberlake & Company,** 191 Middle St.

(Special to The Financial Chronicle)
ROCKFORD, ILL. — **Daniel I. Smith,** for many years with **Jilbert & Company, Inc.,** is now with **King & Conrads,** 317 West State St.

(Special to The Financial Chronicle)
ST. LOUIS, MO. — **Froman Smith** has become associated with **J. W. Brady & Co.,** 411 North Seventh St. Mr. Smith was formerly with Louis W. Ochs and Associates, and prior thereto with Kerwin, Fotheringham & Co., Inc., and Stifel, Nicolaus & Co.

(Special to The Financial Chronicle)
SAN FRANCISCO, CALIF. — **Dunn Van Giesen** and **Sidney C. Long** have become connected with

Franklin Wulff & Co., Inc., Russ Building.

(Special to The Financial Chronicle)
VINCENNES, IND.—Dr. E. H. Lane has become associated with D. Russ Wood & Co., National Bldg., Terre Haute, Ind. Dr. Lane was formerly with Fred J. Sharp of Bloomington.

Tomorrow's Markets Walter Whyte Says—

Despite bad news, Jap victories, bigger taxes and Congressional fiddling, market appears to be building a rally base.

By WALTER WHYTE

Everything that is in the news, the war, the defeats, the Jap conquests, everything including bigger and heavier taxes point to anything but higher markets. Even the market itself is making noises like a dying swan. In fact, if there is anything that anybody can point to and say: "There, there is the reason why the market will go up," I would be ever so thankful if they'd let me know about it. But because everything points so strongly against any advance from this level I have a hunch that is just what this crazy market of ours will do.

* * *

I'll admit that technically a few indications do exist. But these are so sketchy that it would be silly to place too much reliance on them. Still, sketchy or not, they do exist, and with the plethora of bad news, they may prove more important than they first appear to be.

* * *

Last Tuesday, for example, the market went down to what in most averages were new lows on the current decline. But just as it looked as if they were off on another severe setback prices firmed and rallied. True, the rally is nothing to write home about, but it wasn't the small recovery that was so important as the level at which the decline stopped. In the past few months markets have displayed an annoying tendency of making a new low one day and just as they begin to look as if nothing can save them, something comes along and lifts them up again. In this case it was the American Telephone dividend.

* * *

I am fully aware of the possibility that by the time this gets into your hands, everything will have changed again. That is, the market may again be lower and look still lower. Yet, as this is written, the action of the tape doesn't indicate it.

* * *

This doesn't mean that you are to run right out and buy yourself a load of new stocks (though it mightn't be such a bad idea at that) for unfortunately the rapidity with which the picture changes may make such a step disastrous.

* * *

To buy stocks today one must not only be willing to let them go on any single day's poor action but on even a minute's warning. Even stops would not be much help in present day markets. The volume is too small and markets are too thin. I know you will say if that's the way I feel about stops why do I advise their use. The answer is

(Continued on Page 756)

Says Newspaper Over-the-Counter Spreads Too Narrow; Exch. Houses Should Alter Price Policy

A Boston dealer, who prefers not to have his name revealed, writes the following letter to the "Chronicle":

"I have been reading a great deal about your articles on the over-the-counter dealers being protected so that they would be allowed an adequate compensation. I have always contended that the bids should never be right at the market, but should be a half a point to a point lower than the actual bid, and I heartily recommend your campaign to rectify this situation.

"In addition to this campaign of yours, I think another one should be started to get some of these stock exchange houses who are trying to do a broker and a dealer business at the same time, to protect the unlisted dealers. I have run up against small out-of-town offices of New York Exchange houses which offer me bonds for retail and at the same time offer them to customers that I might be calling on at the same price they offer them to me. They do not protect me so that I may make a nominal profit of one-quarter of a point. I have talked with these dealers in the past about this situation, but it just doesn't seem to do any good."

RAILROAD SECURITIES

Disappointed holders of Erie new common stock and certificates of beneficial interest (and their number is legion), who have been restive over the failure of the management to adopt a constructive dividend policy at the earliest opportunity, are now citing the comments of the Circuit Court of Appeals in the "North Western" reorganization as lending strength to their cause. In upholding the drastic scale-down of "North Western's" capitalization and discussing the natural urge to give old stockholders some participation in the new company, the court finds "* * * the necessity of certainty of interest and dividend payments upon the new securities is quite as important." It is held in some quarters that the directors of Erie have apparently lost sight of the importance of the "certainty of dividend payments," and that the effects of the course adopted so far may not be confined to the securities of Erie but may have far reaching repercussions on all reorganization progress.

No one viewing the question objectively can quarrel with the underlying theory that in reorganization the capitalization should be so set up as to give promise of effective earning power on even the most junior of the new securities under normal conditions. Nothing is gained, and much investment prestige is lost, by the dilution of these potential earnings through creation of a large common stock issue merely so that junior security holders of the old company will have some participation. However, much of the validity of this sound reasoning is lost, in the public mind, if dividends are not forthcoming even when the earning power is there. The question arises as to the necessity of so strictly limiting the new stock capitalization if the stock is to remain "just a piece of paper" in any event. A natural corollary will be a growing disinclination on the part of bondholders to be satisfied with new common stock and are increasing opposition to existing plans, with a growing clamor for larger preferred stock and income bond issues. Many railroad men feel that prompt action by Erie directors, keeping faith with their security holders, would go far towards clearing up the entire reorganization picture.

Reorganizations are consummated to cure the evils of unsupportable debt and unwieldy capital structures. The Interstate Commerce Commission has been particularly conservative in its reorganization plans set up under Section 77. Fixed debt has been reduced drastically, floating debt eliminated and maturities spaced so as to afford the greatest possible protection against future financial crises. By the very nature of things the reorganized roads are presumably not faced with the necessity of diverting cash from earnings to the retirement of debt except through sinking funds which are provided. At the same time, new accounting procedure is set up requiring the roads to set aside a portion of earnings (generally 2% to 3% gross) as additions and betterment fund for capital improvements. This fund, as well as sinking funds, is deducted before arriving at earnings available for the stocks. With property needs thus provided for it had been felt that stockholders had legitimate hopes of sharing substantially in any earnings balance that remained. The question is being asked: If Erie, after a thorough reorganization, and in a boom (earnings last year were indicated above $3.00 a share after allowance for the funds mentioned above), is unable to institute dividends what have holders of reorganization railroad stocks to look forward to?

There are many who hold to the theory that the directors have a definite moral obligation to make the dividend payments, stressing the fact that the certifications of beneficial interest represent claims of old bondholders. These bondholders are entitled to the earnings from the property just as definitely as are the investors who loaned money to other railroads. The disparity of treatment is particularly striking when one considers the position of holders of Baltimore & Ohio junior bonds. Holders of Erie bonds went many years with little, or no income return as did holders of Baltimore & Ohio Convertible 4½s. Now that business and earnings have turned up sharply, holders of the latter are presumably to receive all of their back interest. It hardly seems logical that parties to the sounder practice of thorough judicial reorganization are to be penalized and denied income return. If they are, reorganization must fail of its primary purpose of the creation of a sound capital structure with presumably income producing potentialities.

Masters & Tubby With Hemphill, Noyes & Co.

CHICAGO, ILL. — Hemphill, Noyes & Co., 231 South La Salle Street, members of the New York Stock Exchange, Chicago Board of Trade and Chicago Stock Exchange, announce the appointment of Hardin W. Masters as manager of the investment department, and of Harold A. Tubby as manager of the wholesale department, of their Chicago office.

Mr. Masters was formerly a partner in Crane, McMahon & Co., Chicago, and in the past was associated with Hemphill, Noyes & Co., in charge of their investment department. Mr. Tubby has been connected with Hemphill, Noyes for many years.

R. Sumner Gillette With W. F. Rutter Staff

(Special to The Financial Chronicle)
BOSTON, MASS.—R. Sumner Gillette has become associated with W. F. Rutter, Inc., 19 Congress St. Mr. Gillette was formerly proprietor of Gillette & Co. for a number of years and prior thereto was with Vought & Co., Andrew Jensen & Co., and Southgate & Co.

J. B. Pfister Co. Opens

(Special to The Financial Chronicle)
TERRE HAUTE, IND.—J. B. Pfister has formed J. B. Pfister & Co. to engage in a general securities business.

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.

Bank and Insurance Stocks

This Week — Insurance Stocks

What effect will the cessation of civilian automobile production and restrictions on tires have on insurance volume?

Some dealers and statistical services have been discriminating against companies which write a large proportion of automobile premiums, on the reasoning, *a fortiori*, that 1942 volume of such companies will be severely affected.

Although restrictions on production and use of automobiles and tires will undoubtedly affect insurance volume, interesting data prepared by Alfred M. Best Co., Inc., indicate the danger of overgeneralizing on this point.

According to their figures, the volume and composition of insurance premiums on motor vehicles run approximately as follows:

Controlled by Finance Companies

Placed with Own Insurance Subsidiaries		$75,000,000
Placed with Other Companies		25,000,000
Finance Company Volume		$100,000,000
Mutual Casulaty Companies and Reciprocals		150,000,000
Stock Company Volume—		
Casualty	$350,000,000	
Fire	150,000,000	500,000,000
Total Motor Vehicle Volume		$750,000,000

Per Cent. to Estimated 1941 Total Insurance Volume, 30%.

In judging the immediate effect of cessation of new car production, therefore, the fact that there are nearly 29,000,000 passenger cars in the United States, of which more than half are less than 5 years old, indicates that the reduction in automobile volume will be more sharply felt by the finance companies financing new car sales than by insurance companies deriving the bulk of motor vehicle premiums from the number of cars outstanding and in use.

In 1941, production of new cars and trucks totaled about 5,000,000 units, so that in determining insurance volume, the automobile production in any one year is not so important as the total number of vehicles outstanding and available for insurance coverage.

In fact, as cars and trucks bought on the installment plan become fully paid up this year, such business will be available for direct solicitation by agents. Much of this business, Best's points out, had never before been available to agents because many motorists as soon as they completed payments on their old car were ready to buy a new one through the same finance company, thus remaining as it were "permanent renters" from finance companies.

The value of used cars has sharply appreciated in recent months, thus adding substantially to insurable values and premium volume derivable from present outstanding number of vehicles. As the supply of serviceable used cars is further depleted, insurable values will keep at high levels.

Other factors which will probably sustain automobile volume for non-finance company underwriters are: (1) The scarcity of automobile tires and accessories and increased value of automobiles will make them more vulnerable to theft, so that theft insurance should produce increased volume; (2) Tire rationing will probably reduce the number of cars on the road, thus tending to reduce the number of accidents and claims. However, use of older and retreaded tires and continued use of old cars, combined with increased "good time parties," particularly in Defense centers, would be offsetting factors in loss experience; (3) The National Board has recently moderately increased rates throughout the country, and further revisions in line with loss experience may be anticipated; (4) The New York Financial Responsibility Law is creating a substantial volume of new business, estimated by Best's to be running at least twice last year's volume.

For 1942, therefore, the cessation of new automobile production does not mean that automobile volume is going to dry up for insurance companies. Those companies which will be most affected will be the finance company subsidiaries and insurance companies reinsuring business originated by finance companies, which depend largely on new car sales. Of course, if the restrictions on output and tire use continue for several years, they would inevitably affect all companies writing motor vehicle insurance.

Even assuming that 1942 volume would begin to reflect on balance the effect of wartime automobile restrictions, the immediate result of lowered motor vehicle volume would be the release of unearned premium reserves set up on the large 1941 business, so that statutory underwriting results would paradoxically be good.

But automobile lines, in any event, have not been important money makers. Stock casualty companies, which write most of the stock company automobile volume, wrote $219,000,000 in automobile liability for 1940, $62,000,000 of automobile property damage and $12,000,000 of auto collision. On the automobile liability, loss ratio was 56.8% and expense ratio, 51.7%; the auto property damage showed a 66.3% loss and 59.9% expense ratio; and the auto collision experienced a 58.4% loss ratio and 51.4% expense ratio.

Based on 1940 statutory results, the automobile liability produced a profit of 4.8%, but this compares with composite profit on all lines of 6.3%, and returns of 20% on fidelity and surety and 5.9% on workmen's compensation. The property damage and collision lines were unprofitable, with losses of 5.9% and 3.1% on earned premiums for 1940. Auto liability turned profitable in 1937 after a long period of unprofitableness, but trend of profits since 1939 has been downward. Property damage turned unprofitable in 1940 for the first time in ten years. Collision has been largely unprofitable since 1933.

Fire companies, too, have not had outstanding success with automobile volume, although recent years' results with motor vehicle lines have been improved substantially compared to four or five years ago. Nevertheless, it is still not unusual for leading fire companies to show loss ratios of approximately 55% on their motor vehicle volume.

Without minimizing the importance of automobile premiums, therefore, from the standpoint of volume, it would seem that these lines in general have not been outstanding earners in recent years, so that from a profits standpoint, recent rate increases and increased attention to the business might actually result in better profit experience with this type of business, despite the lowered volume.

N. Y. Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of Alfred I. Preston, Jr. to Hines O. Metz will be considered on Feb. 26.

Transfer of the Stock Exchange membership of Colgate Hoyt to David S. Cooper will be considered on Feb. 26.

Hardin W. Masters and James D. Vail, Jr. retired from partnership in Crane, McMahon & Co., Chicago as of Feb. 15.

Interest of Eugene Newman, deceased, in Hardy & Co., New York City, ceased as of Jan. 27.

Interest of James M. Kerr, Jr., member of the Exchange, deceased, in Kerr & Armstrong, New York City, ceased as of Jan. 31.

Interest of George W. Liebman, deceased, in Shaskan & Co., in which he had been a special partner, ceased as of Jan. 24.

Interest of William M. Newsom, deceased in Lawrence Turnure & Co., New York City, ceased as of Feb. 1.

John D. Gerhart To Be Matheson-Lauro Partner

John D. Gerhart will become a partner, as of today, in Matheson & Lauro, 11 Wall Street, New York City, members of the New York Stock Exchange. Mr. Gerhart will act as alternate on the floor of the Exchange for Francis G. Lauro under section 15, Article IX of the Exchange's Constitution. Mr. Gerhart was formerly an Exchange member and was a partner in R. J. Goldman & Co.

Brewer Now Partner

WASHINGTON, D. C.—Joseph Newton Brewer, Jr., member of the Washington Stock Exchange, has become a partner in the firm of Robert C. Jones & Co., Shoreham Building, members of the Washington Stock Exchange, New York Curb Exchange, and Chicago Board of Trade. Mr. Brewer has been associated with the firm for the past twelve years.

Forming Junkin & Cooke, NY Exchange Member Firm

Joseph deF. Junkin, 3rd, member of the New York Stock Exchange, and A. Brendan Cooke will form Junkin & Cooke with offices at 42 Broadway, New York City. Mr. Junkin has been in business as an individual floor broker. It is proposed that Mr. Cooke act as alternate for him on the floor of the Exchange under section 15, article IX.

Suplee Yeatman Opens Branch Under Russell

POTTSTOWN, Pa. — Suplee, Yeatman & Company, Inc., announce the opening of an office in the Security Trust Building under the direction of Thomas L. Russell.

Loan Provisions Of The Neutrality Act

(Continued from page 746)

financing in the United States. In that connection the Securities and Exchange Commission could extend a helping hand by modification of requirements on information relating to proposed borrowers of the category mentioned. It should not be forgotten that the securities enactments put a sudden stop to Canadian provincial and local government financing here.

Restoration of the credit standing of certain members of the British Commonwealth of Nations possibly will follow in due course. Not much of a point has been made of the fact, but it remains a fact that Australian Government 5% loans at a market price of half their par value reflect poorly upon that associate of ours in the United Nations. Unable to finance here in war time, Australia probably concerned herself little with the market value of her loans. But a different aspect is thrown upon all this by removal of the prohibition.

Market circumstances, rather than a low estimate of Australia, plainly have occasioned the depressed prices of Australian loans. Those market circumstances are even more apparent in dealings in United Kingdom of Great Britain and Northern Ireland 4% sterling bonds of 1960-1990. This issue, like many another, was delisted from the New York Stock Exchange in 1936, owing to demands for financial information which had to be made by the SEC under the securities enactments, but which no great sovereign State could contemplate without repugnance. Since then, this issue has sold at greatly depressed counter-market quotations.

Some £2,000,000 of the outstanding British sterling loan were marketed here in 1928, and a sizable part of that flotation still is outstanding here, in £200 pieces. The £200 bonds currently are about $430 to $450 bid, and arrangements are in effect whereby the £8 of annual interest can be realized in dollars at the nominal rate of sterling exchange. The same bonds sell in London at 114 to 116% of par value, with restrictions on the transfer of the securities from New York to London the obvious explanation of a disparity that could hardly exist otherwise. Since the Canadian Government is likely to resume borrowing here soon, the mending of badly tattered financial fences of other British Commonwealth units well may follow.

THE BOND SELECTOR

Application of the Bond Tests Adopted by the New York State Bankers Association

When the Bond Portfolio Conferences of the New York State Bankers Association were concluded in 1940, bankers—and all bond buyers, for that matter—were offered the first comprehensive set of yardsticks for sizing up the investment standing of various types of bonds.

These yardsticks consist of a series of ratios which have been formulated to reduce to the minimum the fundamentals which must, of necessity, enter into a statistical analysis of any bond. By no means have these ratios been selected with the thought in mind that they constitute the only factors which may be considered in evaluating the funded obligations of various corporations; nor were they devised in order to evade more thorough and comprehensive investigation. Rather do they serve, when applied, as a reliable guide to what may be expected if a more detailed analysis is made. However, their greatest value lies in their adaptability to comparisons between two or more bonds in the same industry.

Maximum and minimum ratios have been devised for public utility securities, railroads and industrials, and for different types of companies within these three broad classifications. The public utility field, for example, is broken down into those companies whose power is steam generated, and those with hydro power. In the case of public utility bonds of a company engaged primarily in the generation of electric energy by steam, and whose revenues from the sale of electric energy constitute at least 75% of gross, the following are the pertinent ratios selected by the Bond Portfolio Conferences:

1. *Fixed Charge Coverage.* Fixed charges should be earned a minimum of 2.75 times. Since the public utility industry enjoys more stable operating results from year to year than to most industries, the requirement for a safe margin of interest coverage is less than would be required of, say, a steel company whose earnings fluctuate widely.

2. *Asset Protection.* The importance of asset protection of a bond is second only to the earning power of the obligor. This requirement is expressed as a ratio of par value of total funded debt to the book value of net property — this latter amount being gross tangible property as shown by the balance sheet, minus the reserve for depreciation. Inasmuch as the requirement for fixed charge coverage of 2.75 times assures ample earnings available for interest charges, if funded debt is equivalent to a maximum of 60% of net property account, the ratio is considered to be conservative.

3. *Asset Production.* An electric utility company requires a relatively large investment in plant and equipment in order to produce $1 of operating revenues. It has been found from experience that if such a company is able to produce $1 of revenues for every $5 invested in net plant, a satisfactory situation in this regard exists. Hence, the ratio between net property and gross revenues is set at a maximum of 5 to 1. If this ratio is much in excess of 5 to 1, it might mean an overstated plant account or inadequate depreciation reserves. When using this ratio, however, the particular type of load contributing the bulk of gross should be known, since an industrial load normally requires a larger investment per dollar of revenues than is the case for a residential load.

4. *Maintenance and Depreciation.* Since a steam generated electric property entails a heavy investment per dollar produced in revenues, an adequate annual charge for maintenance is essential in order to assure maximum efficiency of operation. It is also necessary to provide adequate depreciation charges for property retirements and the usual deterioration of machinery and equipment which always takes place under normal usage. Experience has shown that a minimum of 15% of operating revenues should be charged annually against earnings for maintenance and depreciation combined. This ratio naturally ties in with the requirement for fixed charge coverage, since if maintenance and depreciation are much below 15% of gross, the reported coverage of fixed charges becomes open to question.

5. *Available For Fixed Charges.* Since "fixed charge coverage" fails to take into consideration the fact that bonds of various utility companies carry different coupon rates, a true comparative basis is the ratio of income available for fixed charges to par value of funded debt. This ratio has been set at 12% as a minimum.

6. *Rate Of Return.* Since the public utility industry is regulated by the several State agencies, the rate of return on property investment is fairly well fixed. Although it is not generally possible to ascertain from a company's balance sheet what its rate base may be, it is usually conceded that 7% as a maximum should represent the ratio between net operating income and net plant account. Should the ratio be much in excess of 7%, the possibility exists that rates are too high; this, in turn, again focuses attention on fixed charge coverage, since a forced rate reduction might mean reduced earnings available for interest. A ratio below 12% might reflect inefficiency of plant or of the management.

7. *Net Income.* Although an operating utility company could experience a trend of increasing operating costs and taxes, it still would be possible, through refunding of debt on a lower interest basis, to maintain a high level of fixed charge coverage. In order to bring this factor into relief and to indicate the surplus of earnings after interest requirements, the ratio of net income to gross revenues is ascertained. This ratio as a minmum should be 19%.

* * *

In next week's Bond Selector we will apply these tests to two well-known operating company bonds.

Southern Municipals

Allen & Co., 30 Broad Street, New York City, have prepared a quotation sheet on active southern municipal bonds given bid and asked prices, copies of which may be had from their municipal department upon request.

Danford With Browning

(Special to The Financial Chronicle)

CINCINNATI, OHIO.—J. Carl Danford has become associated with Browning and Company, Union Trust Building. Mr. Danford was formerly with L. W. Hoefinghoff & Co., Inc. and prior thereto was President and Treasurer of J. C. Danford & Co.

Our Reporter's Report

(Continued from first page)

means to the corporate bond market. Rather it has been quite severely felt in other directions as well, notably in the municipal section of the money market.

The pace of new issues and refundings has been slow in that direction for several weeks, or since the last New York City undertaking.

Now it is announced that Detroit city officials have decided to forego plans for near-term sale of refunding obligations due to the weakness in the general situation.

The big "motor capital" has been contemplating the sale of some $28,949,000 of refunders.

Schenley Deal Off Again

The attitude of underwriters, in the present situation, was indicated when it was learned that the group which had expected to bring out the Schenley Distillers Corporation's revised offering this week had again deferred signing up for the issue.

This business started out originally as a $27,500,000 undertaking some weeks ago. Then as market conditions underwent a change, the scope of the offering was brought down to $15,000,000 to carry a 2¾% coupon.

While it was not so definitely stated, it now appears that the issue, which had been tentatively set for yesterday, is once more off indefinitely.

Utility Divestments

Washington and its various agencies which have to do with the power industry and carrying out of divorce provisions of the "death sentence" clause of the Public Utility Holding Company Act, are not, it is argued helping to make fulfillment possible.

In market quarters the point is made that a good market is essential to enabling the big holding companies to dispose of their interests in operating units which must be divested.

But, it is argued, the propaganda of the Washington agencies is conducive to everything but a good market. People are told to dispose of their investments to conform with the law, it is contended, but the flow of publicity from various sources merely increases the difficulty of undertaking the job.

Must Have Market

There are no two ways about it those who would like to see the utility task carried through assert. The job is an immense one and a formidable market must provide the backdrop for it.

To carry through the provisions of the law, calling for the relinquishment of control of operating companies by holding units, it is pointed out, will require the creation of a market for millions of shares.

North American Company's contemplated sale of some 2,900,000 shares of stock of the Union Electric Company of Missouri, now in process of going through, but likely to await a better market, is cited as an example.

And, it is declared, there are plenty more such deals to be negotiated.

Howard W. Burns Becomes Partner In W. Adams & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—Howard W. Burns has become a partner in Weston W. Adams & Co., 20 Kilby St., members of the Boston Stock Exchange. Mr. Burns was formerly associated with Proctor, Cook & Co.

Investment Trusts

Investment Company Briefs

Preliminary and tentative estimates of the possible 1942 earnings of most of the common stocks in the Selected American Shares, Inc. portfolio have just been made by Security Supervisors, Inc., investment managers. Basing their predictions on carefully prepared estimates made company by company, which are likely to come closer to the mark than off-hand guesses, Security Supervisors refutes the rather popular notion that earnings may be practically eliminated by rising taxes and labor costs not to mention "red tape" costs.

Two primary assumptions are made in these estimates: (1) that the war will continue throughout the year; (2) that taxes will be raised sharply. In computing taxes for these estimates, corporate normal and surtax were raised from the present 31% to 35%; the excess profits tax rate was raised from the present maximum of 60% to 75%; the average earnings exemption was reduced from 95% to 85% of the base period; the invested capital exemption was reduced from its present level of 7% and 8%, to 6%.

From the work done, it appears that the aggregate 1942 earnings of the common stocks now in "Selected's" portfolio, weighted for the exact number of shares actually owned, may not decline more than 10% to 20% in comparison with their earnings (also mostly estimated, as yet) for 1941.

If the earnings decline were no greater than thus estimated, it would mean these stocks would earn this year about the same money they earned in 1940—earnings which were generally regarded as rather good at the time.

* * *

"These days you are frequently seeing in the paper that such-and-such a company earned $4.00 a common share before taxes, and $2.00 a common share 'after taxes.'

"Suppose that company is paying a $1.00 dividend. Then, those figures mean that there was a 4-times dividend coverage before taxes and a 2-times dividend coverage after taxes.

"Income taxes, in other words, have a big effect upon common stocks.

"With bonds, it's different.

"If you know that a bond coverage is "4-times," then you also know that under present laws this protection is unaffected by income tax rates.

"You know this because bond interest comes before income taxes. Coverage of bond interest is not affected by the portion of the remainder taxed away after the bond interest is provided for. . . .

"Actually, the fact is that gross earnings have not been stationary while taxes have been rising. Gross earnings have been going up also, particularly in the case of the railroads.

"This means that earnings per share of common stocks after taxes have more than held their own—but bonds, particularly low-priced 'credit bonds,' are the major beneficiaries of better business. Not, of course, in any change in their fixed coupons, but rather in their coverage of protection and hence in their quality.

"Bonds of that type comprise the portfolio of Union Bond Fund 'C'."

—From "The Union Dealer."

* * *

Boston Fiduciary and Research Associates, investment counsel to the Keystone Custodian Funds and outstanding advocates of the classifying of securities according to types, have analyzed and rated all companies having listed securities for their probable rates of operation and their earnings prospects under all-out war economy.

Three ratings are given each security — Activity, the probable rate of operation; Gross Earnings prospects; and Net Earnings. Activity is rated as "A" — forced draft, "B" — average prospects, "C"—probable curtailment. Gross Earnings and Net Earnings are rated as: "1"—better-than-average, "2"—average, "3"—less-than-average.

This new classification fits naturally into the comprehensive system already developed by the Boston company to analyze and tabulate securities according to their various characteristics. This tabulation makes possible the proper selection of securities for the various Keystone Custodian Funds. Each series of the Keystone Funds serves a different purpose and the listed securities are classified by types to serve the different purposes. From these classifications are selected those issues which appear most favorable at the moment. The selection, of course, is continuous.

* * *

Hare's Ltd., sponsors of Aviation Group Shares, points out that whereas the profit margin on sales of aircraft manufacturers, due to higher taxes and other causes, decreased from 12.3% in 1940 to 7.6% in 1941, that their net profits in 1941 were nevertheless 62% higher as a result of sales in 1941 being 160% higher. Hare's Ltd. anticipates that higher taxation, as expected, will again be offset through sales this year being double those of 1941. "On double the volume of sales," it is stated, "profit margins could be cut in half (reduced to 3.8%) which is even more drastic than anticipated, and yet these companies could equal last year's net earnings."

With regard to airline companies' earnings, Hare's Ltd. reports: "In that income from Government mail pay is exempt from excess profits taxes, airline companies are subject to less taxation than the manufacturers of aircraft and thus it will be noted that their estimated profit margin to sales decreased but slightly in 1941 despite sales being some 33% higher than in 1940. Based on the growing demand for air transportation and the additional equipment which is expected to become available to airlines this year, we anticipate that their sales will again show a substantial increase in 1942, which will act as an offset to higher taxation."

At the present time approximately 72% of the funds of Aviation Group Shares are assigned in varying proportions, throughout the stocks of leading manufacturers of airplanes, airplane engines and propellers, and 28% throughout the stocks of airlines which have demonstrated outstanding earning ability over the past few years.

* * *

The Annual Report of Massa-

(Continued on page 752)

Municipal News & Notes

Recently renewed proposals to circumvent the tax-exempt feature of the income from municipal securities has resulted in a virtually continuing decline in prices. Although this reversal of trend has not been particularly startling in recent weeks, traders report that there has been a steady dribble of liquidation day in and day out, although offerings at no time have reached any alarming proportions. Quotations on most issues at present are close to, or below, the levels reached just after entry of the United States into war against the Axis powers. City of New York transit unification 3s, for example, sold on Monday at 99⅞, or only fractionally below their 1941-42 low of 100. At one time last year these bonds were selling above 111. Obligations of New York State and other important local governments having high credit standings also are off considerably from their pre-war tops, more so than in the case of some of the less important local issues where the floating supply is small. It is emphasized that New York State bonds coming in for sale during recent weeks have included virtually every coupon and maturity. In the circumstances, it is only natural that municipal bond men are watching closely for developments on proposals that would circumvent the tax exemption feature of such issues.

Mayors Assail Municipal Tax Proposal

If the government succeeds in taxing outstanding municipal and state securities as urged by Secretary of the Treasury Henry Morgenthau it will be taking the next to the last step toward destruction of the American system of government. That is the opinion expressed by the United States Conference of Mayors in the current issue of its publication, United States Municipal News. The conference is headed by Mayor Fiorello H. LaGuardia of New York.

"How the Secretary could propose such action is completely baffling," the publication declares. Citing a Treasury statement issued as late as March 14, 1941, pledging Treasury opposition to taxation of local government securities already issued, the Municipal News asks:

"Can any one respect an official's word any longer in the face of the facts?"

The Treasury statement referred to said in part: "Secretary Morgenthau has consistently voiced opposition to proposals which would subject the interest on outstanding state and municipal securities to Federal taxation."

It also quoted Treasury attorneys as saying that holders of such securities do not "have any reason to fear the imposition of taxes on oblgations now outstand- taxes on obligations now outstanding."

Tax Plan Scored as Curb on States

Indications that the Treasury's proposal to tax municipals is encountering considerable opposition, not only from organized groups and State and local leaders, but also in the halls of Congress, is heartening. Just last Thursday, Senator Warren R. Austin (Rep., Vt.), charged that Federal taxation in this matter would "capture the most effective weapons of State and municipal defense."

"This reform of government under the pretense of obtaining war revenue must be blocked," the Senate's assistant minority leader declared.

To increase local interest costs, Austin said, would greatly impede State and municipal cooperation in the nation's all-out war effort.

Austin also said the Treasury's proposal, now before Congress, "would not help to win the war."

"No change in the constitutional structure of this republic has yet been made by the New Deal which goes so far toward the destruction of local government and the creation of a national oligarchy," he said.

The Republican point of view on the war, said Austin, contemplates three objectives:

First, winning the war.

Second, preserving, so far as consistent with the winning of the war, the constitutional safeguards of the Union of Sovereign States.

Third, the recovery, after the victory, of the power of government by the people, and the restoration of State sovereignty.

Wartime Fiscal Policy Recommended For Cities

Cities should pull in their belts and anticipate probable drops in revenues, especially from gasoline and property taxes, in calculating budgets for the next few years, a statement of wartime fiscal policy for local governments by the Municipal Finance Officers Association recommended last Thursday.

"Municipal revenues from some sources will shrink," the statement said. "Gasoline tax distributions by the states to cities and counties will decline. Real estate tax collections may be adversely affected by the impact of heavier Federal taxes. Some licenses, permits and fees will decrease; others may increase. Certain personal property assessments will decline sharply; some others may go upward because of higher price levels."

Municipal utilities in many areas "will experience violent fluctuations in sales," the Association said. "There will be some radical increases due to war industries and other serious declines due to blackouts or curtailment of non-defense industries."

The statement recommended the local finance officer maintain the city's finances in as sound a position as possible by balancing the budget, eliminating deficits and collecting old tax accounts—all to prepare for the shock of a post-war letdown. Meantime, according to the statement, it is the municipal official's duty to keep all municipal equipment in good working order, pool its use wherever possible, salvage outworn equipment for city needs and for defense, and eliminate all possible waste.

Any Federal funds granted localities for wartime or defense use should be handled through existing financial organization of the city, the statement recommended. To this end municipalities should have legislative authority adequate to receive and disburse Federal grants and carry out other requirements of a war emergency as well as any post-war program.

The statement stressed the need for harmony in the fiscal plans of Federal, State and local governments, the Federal Government being recognized as leader. To accomplish harmony, it said, municipalities must avoid competition with the national government for manpower and materials needed for the war program, and therefore must postpone until after the war all non-defense public works not vital to the city.

While the Federal Government should be expected to finance in full all activities related solely to the national war effort, local governments, the statement said, should refrain from asking Federal aid in purely local matters.

Municipal Exemption Compromise Plan Suggested

Potentialities in a compromise settlement of the problem of tax exemption of state and municipal issues, under which exemption would be removed for a specified period only, are discussed in a bulletin issued recently by H. C. Speer & Sons Co., 135 South La Salle St., Chicago, Ill.

A "feasible compromise" was suggested as a logical way of solving this vital question, although it was noted that "there has been no suggestion of any compromise and there is no certainty that one will be adopted if proposed."

A possible compromise, the bulletin said, would be to tax the income from all issues, present and future, for a specified limited time, such as the duration of the war and a fixed period thereafter, such as one fiscal year, and making future income from then existing and future issues non-taxable.

N. Y. Housing Bonds Held Tax Exempt

The New York City Housing Authority is in receipt of an opinion prepared by its bond counsels, Hawkins, Delafield & Longfellow of New York, on the tax status of the Authority's bonds. The opinion cites the section of the U. S. Housing Act through which housing bonds are construed as immune to Federal taxes and holds that this creates a contract between the Government and the ultimate purchaser.

Under such a contract, they conclude, the bondholders have a right to be free from taxation as to either principal or interest, this right being protected by the "due process" clause of the Federal Constitution.

N. Y. Port Authority Revenues Hold Firm

While many observers are convinced that curtailment of automobile sales, rationing of new tires, possible rationing of gasoline and allied factors will add up to less revenue for various toll bridge and tunnel ventures this year, the figures for the Port of New York Authority for the first month of 1942 do not as yet bear out this prediction.

For all enterprises of Port Authority the grand total for January was 2,091,850 vehicles, against 1,928,545 in the corresponding month of last year, an increase of 8.5%.

However, many observers believe that as the year proceeds the results of less automobile driving by civilians will become more and more evident and that this also will be felt by states which obtain a big share of their revenue from gasoline taxes.

Detroit Discards Refunding Bond Offering

Just after the start of the new year it was the intention of Detroit, Mich., finance officers to sell almost $29,000,000 of refunding bonds about Feb. 1. However, a technicality in a new statute necessitated re-advertising the intention to offer, which would have made the date of sale about Feb. 14. Because of the unsettled conditions now prevailing in the general municipal market, the city has decided to hold this refunding operation in abeyance until the market is in a favorable condition, when satisfactory bids can be expected.

Alexandria Sells Bonds

The Harris Trust & Savings Bank of Chicago, and associates, were awarded Tuesday the $750,000 public improvement bonds of Alexandria, Va., naming a price of 101.857 for the 2½% obligations. Tuesday offering marked the second attempt on the part of the city to sell this issue, which had become a topic of discussion in municipal circles. On Jan. 26 last city officials rejected a high bid of 101.28 for 2½s submitted by a group composed of Alex. Brown & Sons, Goldman, Sachs & Co. and Kaiser & Co.

That sale took place following the address by Secretary of the Treasury Morgenthau in which he recommended legislation designed to make outstanding, as well as future, issues of State and municipal bonds subject to Federal income taxes. It was believed at that time that the threat involved by Mr. Morgenthau's speech forced the bids on the new issue down about 5 or 6 points.

Alex. Brown & Sons and associates submitted on the second offering practically the identical bid as in the previous one, naming 101.289. Even the high bid Tuesday reflected no great change in dealers' appraisal of the issue under the persistent threat of taxation.

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. 24th

$3,065,000 Rochester, N. Y.

Blair & Co., Inc., of New York, obtained the award of the bonds offered last September. Lehman Bros. of New York, and associates, entered the runner-up bid.

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. 27th

$2,000,000 Harris Co., Tex.

Last May the county owarded an issue to a syndicate headed by the First Boston Corporation, whose bid topped that placed by Harriman Ripley & Co., Inc., and associates.

Feb. 28th

$526,000 Monroe, La.

This city has not negotiated any bond sales recently.

Investment Trusts

(Continued from page 751)

chusetts Investors Second Fund indicates that during 1941 shares outstanding increased by nearly 78,000. As at the year-end, there were over 900,000 shares outstanding in the hands of more than 8,000 shareholders.

Dividends representing net income from investment paid within the year totalled 47 cents a share, all of which—the Report states—are not subject to Federal income tax. Quarterly payments during 1941 were as follows: March 20—12 cents; June 20—10 cents; Sept. 20—11 cents; Dec. 24—14 cents.

Investment Company Reports

American Foreign Investing Corporation—December 31, 1941.

Total net assets of $658,813 at Dec. 31, 1941 were reported by American Foreign Investing Corporation. The asset value per share of the common stock was $7.36 compared with $6.32 one year earlier, according to the report, which represents a gain of 22.78% after allowing for cash dividends of 40 cents paid during the year.

Interest and dividend income for the year totalled $33,557 and expenses amounted to $30,713, leaving net income of $2,855.

Writing in the letter to stockholders accompanying the report, dated Feb. 3, 1942, Robert S. Byfield, President, said: "The continuing rising tide of prosperity in Latin America seems to be fulfilling our most optimistic expectations. There are many new favorable political and economic developments in Inter-American matters and the successful culmination of the Rio de Janeiro Conference last month is beginning to attract a great deal of public attention to the advantages of investment in Latin America which we have been anticipating for some years.

"Since the end of 1941, Latin American dollar bonds have generally enjoyed a further rise and as a result the asset value of a share of our stock has risen to $8.83 as of today."

B. F. Townsend Dies

B. Frank Townsend, Jr., President of the Philadelphia Stock Exchange and partner in the brokerage firm of DeHaven & Townsend, died on Feb. 12 at his home in Wallingford, Pa. He was 72 years old. The following is taken from the Philadelphia "Inquirer" of Feb. 14:

A native of Wilmington, where he was educated in the public schools, Mr. Townsend came to Philadelphia while a young man and went to work as a clerk in the brokerage house of DeHaven and Townsend.

He became a senior partner at the turn of the century.

Mr. Townsend became a member of the Philadelphia Stock Exchange in September, 1901, was elected a trustee in May, 1923, became a governor of the exchange in March, 1931, and was elected to the Vice Presidency in March, 1934. He became President of the exchange in March, 1940, was reelected in March, 1941, and was serving his second term at his death.

Earl Mendenhall Dead

Earl Mendenhall, Assistant Secretary, Treasurer and Sales Manager of Paul & Co., Inc., Philadelphia investment house, died on Feb. 14th at the age of 57. A descendant of the founders of Mendenhall, Pa., he was a graduate of Friends Central School and the University of Pennsylvania. Mr. Mendenhall was well-known in Philadelphia investment circles, in the past being a partner in the firm of Chandler Brothers & Co. He was a founder of the Security Salesmen's Association of Philadelphia, of which he was president in 1933.

Holds Government Can Draft Business

(Contiued from First page)

profiteering and they have been too often scandalously seized."

To meet this "recurrent evil," the majority said, Congress has at times authorized price-fixing, limited profits, recaptured high profits through taxation, and expressly reserved for the Government the right to cancel contracts.

"It may be that one or some or all of these measures should be utilized more comprehensively, or that still other measures must be devised," it said. It then pointed out that this is a responsibility of the President and Congress.

Justice Frank Murphy, in a concurring opinion, explained he does not approve of the 22% profit and regards "such an arrangement not only incompatible with sound principles of public management but injurious to public confidence and public morale." He suggested Congress be "alert" to prevent a repetition.

Nevertheless, he argued that the possibility the Government "may be relieved of bargains 24 years after agreeing to them is not conducive to mutual trust and confidence between citizens and their Government."

The majori y found nothing in the contract negotiations to show that Bethlehem forced the Government's representatives to accept contracts against their will.

Justice Frankfurter, in his dissenting views, referring to Bethlehem's 22% profit potential, protested that "even in usurious transactions the lender takes the risk of the borrower's insolvency —here Bethlehem took no risk at all." The United Press went on to say:

He rejected the majority's argument that the President could have commandeered the Bethlehem property in lieu of permitting the Government to be subjected to duress—duress which they contended had not existed.

"The legal alternative was not an actual alternative, and Bethlehem knew this as well as the representatives of the Government," . . . . he said. "This Court should not permit Bethlehem to recover these unconscionable profits, and thereby make the Court the instrument of this injustice.

"Today it is held that because the circumstances of this case cannot be fitted into a neatly carved pigeonhole in the law of contracts, daylight robbery, exploitation of the necessities of the country at war, must be consummated by this Court."

Justice Douglas held that the "bonus-for-saving" provision was separate from the main contract, and that Bethlehem could collect under it only providing it rendered "an additional performance" designed to promote efficiency and economy.

The same advices state that the Bethlehem ruling is expected to expedite legislation designed to curb profits during the present war. It is added:

David I. Walsh, Democrat, of Massachusetts, Chairman of the Senate Naval Affairs Committee, and Carl Vinson, Democrat, of Georgia, Chairman of the House Naval Affairs group, have proposed sharp limitations. And sharply increased excess profits taxes are in prospect.

Elected Directors

Paul V. Shields and Cornelius Shields, both of the investment banking firm of Shields & Co., New York, have been elected members of the Board of Directors of The Maryland Drydock Co., according to announcement by George French, President of the company. The company recently admitted the public to ownership in its securities through the sale of common stock previously held by the Koppers interests in Pittsburgh.

Charles M. Gooding With William R. Staats Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Charles M. Gooding has become affiliated with William R. Staats Co., 640 South Spring St., members of the Los Angeles Stock Exchange. Mr. Gooding was formerly manager of the statistical department for M. H. Lewis & Co. and prior thereto was manager of the statistical department for Cavanaugh, Morgan & Co., Inc.

Form Flannery-Jackson

(Special to The Financial Chronicle)

YOUNGSTOWN, OHIO — The firm of Flannery-Jackson & Co., Inc. has been formed with offices in the Union National Bank Building to engage in a securities business. Officers of the firm are Joseph C. Flannery, President, Stacy T. Jackson, and Arthur Morgan. Mr. Flannery and Mr. Jackson were both previously with Wm. J. Mericka & Co., Inc. and Singer, Deane & Scribner.

Lazar To Direct Dept.

CHICAGO, ILL.—Martin Lazar will be in charge of the newly-opened foreign bond department of Brailsford, Rodger & Co., 208 South La Salle Street, members of the Chicago Stock Exchange. Mr. Lazar has been associated with the firm for some time; in the past he was president of his own firm, Lazar & Co.

Brailsford, Rodger & Co. have just issued a book on "Latin American Solidarity and What It Means to the American Investor."

The Securities Salesman's Corner

Some Suggestions Regarding The Use Of A Portfolio

A salesman's brief case should be something like the tool kit in his car. He should always have it with him. It should be well filled with factual data in case he might need some visual evidence to bolster his claims. And, like a tool kit, the less he uses it—the better.

It seems to be an axiom of human behavior that the greater the effort to prove a point the more the ensuing disbelief. Sometimes this strenuous effort to convince another is known as "overselling." This, in our opinion, is why the open brief case, filled to overflowing with voluminous charts and graphs, and copiously displayed before the person we wish to impress with the force of our argument, usually falls far short of the mark. The average person instinctively turns away from complicated displays of figures and formidable collections of printed matter. If we may be allowed to digress for just a moment, this is one reason why the present day SEC prospectus fails in its purpose of protecting the investor. The average investor does not read it—it looks too formidable. He'd rather not be bothered.

It is our opinion that a brief case is valuable to prove a specific point that a salesman might be discussing with his client. Let us assume, for example, that a salesman is interested in offering a stock of a company that both his firm and himself believe to be an attractive investment. If such is the case he naturally will make a thorough study of the subject company and in the course of this invesitgation he should accumulate certain factual data that would be of interest to anyone who might consider the purchase of the stock of such a company. This information should be filed in his portfolio and it should have a definite bearing upon the conclusions which prompted him to make an offering of this stock to his customers.

By way of example, let us assume that a salesman might now be interested in offering a stock of a company engaged in the woolen business. As a result of his studies of the woolen situation he might have accumulated several articles from current periodicals in regard to the potential demand for woolen goods for the armed forces. The textile and trade magazines would supply him with excerpts discussing available woolen supplies. Probably the daily papers might also carry items discussing the company in question and its subscription of defense bonds or its favorable labor relations record which might also show capacity employment during the present emergency. A study of the company's financial history might also show certain factors that would look very much more impressive in graph form than as the figures appear in the balance sheeet. These graphs should go into the brief case. Some of the company's advertisements which appear in national magazines might also be included. Such a collection of data is impressive because it is logical and concise.

It is our opinion that a salesman should not open up his brief case and proceed to give his impatient prospect a stereotyped discussion of the outstanding features of the security he might be offering. On the contrary, we believe that a brief case that is well supplied with "visual proof" of certain points that a salesman might wish to present to his client, is much more valuable if it is used when a question arises or a doubt is expressed. In the case of the data suggested in the foregoing paragraph there would be made available, instantaneous proof of certain assumptions that any salesman might place before his prospect, providing certain doubts arose during a sales presentation. For instance, let us assume that doubt might be expressed as to the amount of wool that would be consumed by a 4,000,000-man army—or concern of the management's efficiency or ability—or the financial status of the company—or the effect of a return to peace-time conditions on the business and earnings of this company. It would be during a discussion of such factors that we believe that it would be sound salesmanship to open up our brief case and present the visual evidence that previously had been accumulated.

The printed word carries a great deal of weight. That is why excerpts from the press and from trade papers are so valuable when it comes to proving the spoken word. A thorough, workmanlike job of investigation and analysis before a security is selected for offering to an investor will also be evidenced by the amount of data collected about the subject company and the industry of which it is a part. People are also impressed when they see that a workmanlike job of analysis has been accomplished before a security offering is made—a well filled portfolio is helpful in establishing this fact.

P. S.—The brief case we prefer is one that contains a ring binder so that installations can be changed as required. It should have a zipper binding around the edges and it should lie flat when placed upon a desk. Our preference has also been for an envelope style, large enough to hold letter-head-size paper—this, of course, is a matter of individual preference.

Adams, Fleming Named Public Govs. By NYSE

Emil Schram, President of the New York Stock Exchange, announced the election of John Q. Adams, of Chicago, and Robert V. Fleming, of Washington, D. C., as Public Governors of the Exchange. Mr. Adams and Mr. Fleming were nominated by Mr. Schram. Their election to the Board of Governors as representatives of the public fills the vacancies which had existed in the Board since Sept. 30, 1941, when Curtis E. Calder and Roswell Magill resigned as Public Governors noted in these columns Oct. 16, page 625. Regarding the careers of the new Public Governors, the announcement of the Exchange said:

Mr. Adams has long been prominent in agriculture and business in the Middle West. He is a Director of the Continental Illinois National Bank & Trust Co., of Chicago. He was born Aug. 23, 1885, on a ranch 14 miles west of Wahpeton, Ill., and during his youth lived on and operated farms in North Dakota, Iowa and Florida, excepting the years when he attended Yale College. Together with his father he subsequently entered the banking business. He lives in Winnetka, Ill., a suburb of Chicago.

Mr. Fleming is President and Chairman of the Board of the Riggs National Bank of Washington, D. C., with which institution he commenced his business career in 1907. He is a former President of the American Bankers Association. His directorates include the Metropolitan Life Insurance Co. of New York, Federal National Mortgage Association, Acacia Mutual Life Insurance Co., Chesapeake and Potomac Telephone Co., Capital Transit Co., Potomac Electric Power Co. and Lanston Monotype Co. Mr. Fleming is a Lieutenant Commander in the U. S. Naval Reserve. He was born in Washington, D. C., in 1890 and was educated at elementary and high schools and at George Washington University.

N. Y. State Transfer Laws Should Be Amended

(Contiued from First page)

fashion—that's all." But it isn't. On December 31, 1941, the Chicago Stock Exchange announced through its Chairman that it could "record a total share volume for 1941 exceeding that of 1940." And Boston showed a drop of only 2.8%. And Philadelphia a drop of only 2.2%. And all the regional stock exchanges added together, a drop of only 5.5%. Pity that total trading figures are not available for the Over-the-Counter business also, for they would probably have shown a similar contrast.

And in 1940 the eight most active exchanges outside of New York did 49.4% of their total volume in stocks listed on the New York Stock Exchange but in 1941 they raised the figure to 53.8%.

In point of fact they have been raising that figure almost steadily for the past ten years—ever since New York doubled its stock transfer tax.

And here is the pay-off. There is no State stock transfer tax in most of those States. In two of them—the Commonwealths of Pennsylvania and Massachusetts—there is one, 2 cents per $100 par value of the stock sold. Which, according to the Massachusetts Commissioner of Taxation in 1939, "is from 33% to 99% lower than that in New York."

Now switch to the Albany side of this picture. The present tax raised $38,000,000 in 1933, its first year. In 1939 the Governor estimated that it would raise $24,500,000 in the fiscal year 1939, and $28,500,000 in the fiscal year 1930. Actually it raised only $19,000,000 in each of these two years.

And in the fiscal year that ended last June 30—it raised only $12,000,000.

That's quite a drop.

And now comes prosperity (outside of Wall Street), bigger tax revenues, smaller "emergency" costs for the State—and a breathing spell in which revenue sources can be reconsidered and a longer viewpoint taken as to taxrates.

Wall Street used to be on top of the wheel. In it centered the financial transactions of the United States; it had vast power and great resources; it could stand taxation no-end.

It is time that Albany brought itself up-to-date, for THAT Wall Street IS NO MORE.

The Street is no longer the nerve center of the American economy but, since the war began, the dust-bowl of American industry. Its foreign exchange business has been killed. Commercial banking has become largely a "captive industry"—and look at bank stocks. Price ceilings have put most of the commodity markets out of business. The future of investment banking, as one investment banker recently told your reporter, "is in the past." Numbers of Wall Street executives have gone to Washington, while multitudes of Wall Street's remaining employees are being drawn into war work. The remains of the Street's brokerage and Over-the-Counter stock-trading business must compete with regional interior competition which ten years ago the Street could have shrugged off as trifling.

Albany should get wise. The Street needs a subsidy, not a tax. The least Albany can do, is to enable the security-trading industry to compete for the remaining security business with the interior markets which Albany, by its rush to raise money, has already enabled to cut in more and more heavily on one of New York's once major industries, now more in need of an economic transfusion than able to provide tax-blood.

All New York State dealers and brokers and their employees should write their Senators and Assemblymen at Albany, requesting them to use their best efforts to insure the passage of the Coudert-Mitchell Bills calling for the amendment of the State transfer tax laws.

Success in having this legislation revamped would encourage those in other States to work for relief from onerous legislation, too, so the investment banking and brokerage business of the whole country would benefit by constructive action on this transfer tax issue here.

Curb Gratuity Fund Announces 1942 Officers

At a special meeting of the Trustees of the Gratuity Fund of the New York Curb Exchange the following were elected officers of the Fund for a one-year term:

Edwin I. Connor, Chairman.

E. R. McCormick, Secretary and Treasurer.

E. M. Williamson, Assistant Treasurer.

Traction Securities Announces Winners

CHICAGO, ILL.—Traction Securities, Inc., 105 South La Salle Street, announces that A. Gordon Crockett, Milton R. Underwood & Co., Houston, Texas, was the first prize winner, receiving $25 in defense stamps, in their recent contest for the best letter telling why Chicago Traction securities are good purchases. Second prize of $10 in defense stamps was awarded to Thomas J. Mitchell, Dempsey-Tegeler & Co., St. Louis, Mo., and third prize of $5 in defense stamps went to W. T. Combiths, Fuller, Cruttenden & Co., Chicago.

The text of the winning letter follows:

"In our discussion this morning of the transit business in general you and I agreed that the outstanding security in this field for your purposes is the Chicago City Railway 1st mtge. 5% bond. This was in light of your confessed willingness and ability to assume a reasonable 'business-man's risk' when the income and price appreciation possibilities merited it. In following your request for a written summary of the salient points of the situation I present the following:

"Income—These bonds have paid their interest in full since issuance in 1907. To be sure, there have been some delays in these payments, but these withholdings have in general been strategic moves on the part of the Court to bring pressure on the various factions to force settlement of differences. As a matter of fact, at the present time the semi-annual interest payment due Feb. 1, 1942, is still hanging fire. It will undoubtedly be paid sometime in the near future, since the funds are definitely available, and when these 2½ points are deducted from the current purchase price your yield will be in excess of 11%.

"Taxes—The bugaboo of all investors these days doesn't particularly effect this situation, since debt service is an expense that is deducted before 'taxable income' is arrived at.

"Security—The Federal Judge handling the reorganization recently appraised the whole Chicago transit system at approximately $179,000,000, or about 2½ times the amount of the par value of the proposed first mortgage debt to be outstanding after reorganization. Since you are paying less than 50c. on the $1 for your bonds it means that the coverage on your investment is about five times—a substantial margin, especially when you consider that the very nature of the business assures its continuity of operation.

"Business—Couple increased employment with a decrease in the use of private transportation facilities and the resulting picture cannot help but be favorable for traction companies. Add to this the very definite possibility that this system may be allowed a rate increase in the near future and the picture assumes an even more rosy glow.

"When you add to the above points the likelihood of the Reconstruction Finance Corporation granting the reorganized company a substantial loan, and that out of this loan you will get a 50% cash payment on your bonds (which is more than they will cost you) plus 50% in bonds junior only to this RFC loan (which will have substantial value themselves), I think you will be forced to agree with me that these bonds are one of the outstanding speculative opportunities of the day.

"With your permission I'm going to drop by tomorrow to discuss this matter further."

Toronto Exch. To Raise Commission Rates

Members of the Toronto Stock Exchange held a meeting on Feb. 13 to consider proposals for adjustments in commission rates to be charged by member firms. With regard to the meeting, the Toronto "Globe and Mail" of Feb. 14 said:

It was decided that there would be a 5-cent increase in commissions on industrial securities selling in price brackets ranging from $10 to $75 and half a cent increase to 5 cents increase in schedules of mining and oil securities selling from $2 to $75. All other rates remain unchanged.

Two years ago local rates were increased on mining stocks up to $2 a share and in industrials up to $10 and over $75 a share. Under the schedule now proposed, only stocks selling above $2 a share will be affected by current proposals.

Under these proposals the rate on industrials selling at $10 to $15 a share will be 20 cents a share instead of 15 cents and former rates on higher-priced stocks will be given the same increase.

Mining stocks selling at $2 and up to $3 will carry commission of 3½ cents a share instead of 3 cents and stocks selling at $3 to $15 a share will have increases varying from a cent to 5 cents.

Bond Club Of Denver Bowling League Returns

DENVER, COLO.—The Bowling League of the Bond Club of Denver announces the scores for the third week of the meets:

	Won	Lost	Pct.
Roystones	9	0	1.000
Municipals	6	3	.667
Odd-Lots	6	3	.667
Preferreds	5	4	.556
Corporates	3	6	.333
Over-the-Counters	3	6	.333
Investment Trusts	3	6	.333
Dividends	1	8	.111

The Roystones are captained by Leon Macart, Municipals by Norman Godbe of Geo. W. Vallery & Co., Odd-Lots, by Jerry Ryan, Peters, Writer & Christensen, Preferreds by Hal Myers, Corporates by Bernard Kennedy, Bosworth, Chanute, Loughridge & Co., Over-the-Counters by Lewis Nance, Brown, Schlessman, Owen & Co., Investment Trusts by Chan Lilly, and Dividends by Smith.

High Team Series and High Team Game are held by the Municipals; High Individual Series by Norman Godbe with a score of 539; High Individual Game by Chan Lilly with a score of 237.

Philip Townsend Partner In DeHaven & Townsend

Philip W. Townsend, member of the New York and Philadelphia Stock Exchanges, has been admitted to partnership in the Stock Exchange firm of DeHaven & Townsend. Mr. Townsend, who has been active as an individual floor broker, will make his headquarters at the firm's New York office, 30 Broad Street.

DeHaven & Townsend have been continuing their status as a member firm from Feb. 10, the date of death of the sole Exchange member partner, William B. DeHaven, in accordance with provisions of the Exchange Constitution.

Alvin Richards & E. Eby Join C. N. White & Co.

(Special to The Financial Chronicle)

OAKLAND, CALIF. — Alvin Carl Richards, formerly a partner in Richards & Co., and Elmo C. Eby, also previously associated with the same firm, have become connected with C. N. White & Co., Central Bank Building.

Defense Bonds Sales Up

Sales of Defense Bonds and Stamps by the New York State savings banks during January were over $76,000,000 and were 2½ times the sales during December, 1941, and 42% of the total sales since the Defense Savings Campaign started last May 1st. Total sales from May 1 through Jan. 31 were $179,264,643, according to a statement issued Feb. 13 by Henry Bruere, President of the Savings Banks Association of the State of New York and liaison officer between the savings banks and the Treasury Department. Mr. Bruere in his statement, said:

"The heavy increase in Defense Bond sales is good news, for it shows that the American people have accepted responsibility for helping to finance our country's war program. Many of the purchases have been made out of existing savings balances but the tendency to do this is diminishing—through more and more emphasis on payroll savings plans, Victory Club Accounts, and other methods of attracting regular savings. I am confident that Defense Bond purchases will be made increasingly out of current earnings in salaries and wages. This will help the country most.

"The savings banks of New York State voted this week to launch a State-wide advertising campaign in newspapers, on radio and by motion pictures to bring about a clear understanding why, now in war time, every possible dollar must be saved and used to help win the war. Our slogan will be 'Save for Victory.'"

It is stated that of the total sales of defense issues by the savings banks during January, $64,916,000, or about 85% were in Series "E" Bonds. Purchases of Defense Stamps amounted to $563,081. These figures, Mr. Bruere pointed out, probably do not include additional savings for Defense Bonds buying among the savings banks' employees in which over 4,000 savings banks' employees are now taking part. Soon from these savings additional buying of defense bonds by savings banks' employees will increase the already large total sales by savings banks of Defense Bonds.

FDR Signs China Aid Bill

President Roosevelt signed on Feb. 13 the joint resolution appropriating $500,000,000 for rendering financial aid to China. He conferred later the same day with Owen Lattimore of Johns Hopkins University, Baltimore, who is political adviser to Generalissimo Chiang Kai-Shek.

The House passed the bill appropriating the money on Feb. 9 and the Senate took similar action on Feb. 11.

Authorization of the appropriation was voted by Congress earlier as noted in our issue of Feb. 12, page 617.

On Feb. 15 Gen. Chiang thanked President Roosevelt and the American people for granting the loan, according to United Press Chungking advices of Feb. 15, which further said:

"I feel most grateful," his reply said as released by the Foreign Office here, "for your having accepted my suggestion in toto with no condition attached to the loan.

"In behalf of the Chinese Army and people, I wish to convey to you and, through you, to the Senate and House as well as to the American people, our deep gatitude for this timely assistance."

He told the President that his "farsightedness is the envy of all real statesmen."

He promised "a detailed report" on how the money would be used.

At his press conference on Feb. 6, President Roosevelt expressed himself as optimistic regarding the results of the credit, according to a Washington account to the New York "Times," which also stated:

He told his press conference that, besides reassuring China from the psychological viewpoint, the credit would stabilize Chinese currency and thus make easier China's purchases of war materials.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 16 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Feb. 18 and to mature May 20, 1942, which were offered on Feb. 13, were opened at the Federal Reserve Banks on Feb. 16. The following details of this issue are revealed:

Total applied for___$342,087,000
Total accepted ____ 150,012,000

Range for accepted bids (excepting one tender of $65,000):

High—99.950. Equivalent rate approximately 0.198%.

Low—99.929. Equivalent rate approximately 0.281%.

Average Price—99.933. Equivalent rate approximately 0.263%.

There was a maturity of a similar issue of bills on Feb. 18 in amount of $200,167,000.

James Griggs, Jr. Now Is With Courts & Co.

(Special to The Financial Chronicle)

LaGRANGE, GA. — James R. Griggs, Jr., formerly proprietor of Griggs & Co., has become associated with Courts & Co., members of the New York Stock Exchange, whose main office is located at 11 Marietta Street, N. W., Atlanta, Ga.

George Barnett, Jr. With National City Bank of NY

George E. Barnett, Jr., formerly manager of the bond department of The Anglo California National Bank and more recently with Blyth & Co., Inc. in San Francisco and New York, has joined the Municipal Bond Department of The National City Bank of New York.

William G. Bond Joins Coffin & Burr, Inc.

Coffin & Burr, Incorporated, 70 Pine Street, New York City, announce that William G. Bond is now associated with them in their municipal bond department. Mr. Bond was for many years manager of the municipal bond department of A. C. Allyn & Co., Inc., in New York.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 749)

simple. Unless you can sit and watch the tape all day you have to have some element of protection, so until something better comes along stops are still the only long distance protection I know of.

* * *

This brings me right into the two stocks you have, American Car & Foundry and American Steel Founders. The first one was recommended and available at 32. The second, American Steel Founders, was recommended and was also available at 20 or better.

* * *

Up to this writing both have acted all right. Neither was outstanding but in the face of general market weakness they held their own. But don't think because they are acting well that precautions should be disregarded. The good stocks of today are too frequently the bad ones of tomorrow. So the stops recommended still apply.

* * *

In the first, American Car & Foundry, the level under which it should not be held is 29. Right now the stock is selling at about 31.

* * *

In the second stock, American Steel Founders, the critical point is 19. It's now selling at 19 and a high fraction.

* * *

So far as other stocks are concerned I suggest no new purchases. Not that I don't think more and more stocks will go up if the market gets anywhere on the up side but because their stops are so confused that to work them out would be almost impossible.

As far as the war effort is concerned you know as much about it as I do, perhaps more. But I can't help but wonder at our Congressional windbags who seem to feel that no matter what, politics come before the country. Right now the popular Congressional pastime seems to be such games as "Chasing Eleanor," "States Rights" and "We Want Pensions." I'm in favor of the last. Let's give them all pensions and send them home. There should be one stipulation. The first time one of our "leaders" opens his mouth his pension stops.

* * *

And another thing I'm in favor of is the dropping of that song about the blue birds over the white cliffs of Dover. Apparently the British were so busy looking for those blue birds that they didn't see the German fleet.

* * *

But to get back to the market. I think a rally base is now being formed but the market must stay above Tuesday's low points if the bottom of the base is to mean anything. How far such a rally will get I can't answer but I think it can manage about three to five points before it fades out again.

* * *

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.]

Preferred Stock A Buy

William A. Titus, Jr., Vice-President of F. J. Young & Co., Inc., says that even in these days when many stocks are selling at an extremely low ratio to earnings American Car and Foundry Motors Company 7% Cumulative Preferred is unusually attractive. To bolster up his contention he offers the following information:

"This company is controlled by the Brill Corporation which, in turn is controlled by American Car and Foundry Company.

"The Hall-Scott Motor Car Company, a wholly owned subsidiary, is producing a large volume of marine engines for the United States and British Governments and also for private boat builders engaged in supplying boats to the United States and other governments.

"The preferred issue as of Jan. 2, 1942, was in arrears in dividends $108.50.

"Earnings per preferred share for the year ended Dec. 31, 1940, were $18.20, after all charges and taxes.

"At that time, there was owing to affiliated companies $6,100,063 and the company showed a capital deficit; and liabilities in excess of $130,600.

"However, the annual statement, which is expected to be released in April, should reflect fair sized increases both in volume and in earnings and a consequent balance sheet improvement.

"This preferred stock is presently quoted 21 bid; offered at 24."

In New Location

Isidor E. Civic announces the removal of his offices to 135 Broadway, New York City, and that his phone number is now COrtlandt 7-0927.

Movies Held Essential

Brig. Gen. Lewis B. Hershey, Director of Selective Service, has ruled that "the motion picture industry is an activity essential in certain instances to the national health, safety and interest and in other instances to war production." The war activities committee of the motion picture industry, in accordance with the ruling, has advised California draft headquarters to apply the ruling if deferment is sought by Hollywood studios for men "who cannot be replaced."

General Hershey made the ruling in response to a request from Lowell Mellett, coordinator of Government films and the liaison officer between the Federal Government and the motion picture industry, who had declared that the industry, as a civilian activity, "is essential to the national health, safety and interest" and as a war activity "is essential to the production of training and instructional films for the armed services as well as educational and informational films for the civilian population." The California draft boards were informed by General Hershey's office that "the responsibility of making and presenting claims for deferment is upon the motion picture industry and the determination of necessary men is one for the local boards and appeal agencies."

Pledges New Zealand Aid

President Roosevelt on Feb. 16 renewed the pledge to use "our full resources" in the defeat of the Axis aggressors and declared that "we shall not falter until the task is complete and our freedom made secure." The President made this statement in a formal exchange of remarks with Walter Nash, first New Zealand Minister to the United States, who presented his credentials.

The President's remarks follow, in part:

> Both the United States and New Zealand are Pacific powers, and the interests of our two countries are inextricably woven together. The spread of wanton Axis aggression has only drawn our countries closer together and made us more conscious of our interdependence.
>
> Our countries have pledged themselves, along with all other United Nations, to employ our full resources in the defeat of Axis aggressors. We shall not falter until the task is complete and our freedom made secure.

In his formal remarks Mr. Nash said:

> We are grateful to you and your people for the splendid assistance and cooperation which has been and is being given in the fight for the freedom of the democracies.
>
> The New Zealand Government also feels that the establishment of a legation in Washington will tend toward the strengthening of the good will which already exists between our two countries and no effort on my part will be spared in fostering this objective.

Woodley Gosling Joins Bendix, Luitweiler Co.

Woodley B. Gosling, member of the New York Stock Exchange, will become a partner in the stock exchange firm of Bendix, Luitweiler & Co., 52 Wall Street, New York City, on Feb. 20th. Mr. Gosling for many years has been active as an individual floor broker.

Sinclair With Stroud

Donald W. Sinclair has become associated with Stroud & Co., Inc., in their New York City office, 120 Broadway. Mr. Sinclair was formerly with Shields & Co.

UP-TOWN AFTER 3

MOVIE PRE-VUES

"They Were Dancing," an MGM picture, is partly based on the Noel Coward play, **"Tonight At 8:30,"** which first saw the light of day at New York's National Theatre back in 1936. In the stage version the cast included Noel Coward and Gertrude Lawrence. Came 1942 and MGM decided to make a movie out of it. But what may have been amusing in 1936 is no longer amusing today. For despite such names as Norma Shearer, Melvyn Douglas, Gail Patrick and a host of others, **"They Were Dancing"** is a weak comedy. It describes the activities of what may be called professional guests whose only stock in hand is that they possess titles and make charming dinner companions. Vicki Wilomirska (Norman Shearer), a Polish countess or baroness is about to be married to an up and coming American lawyer (Lee Bowman), but at a reception on the eve of her wedding she runs into Nicki Prax (Melvyn Douglas), an impoverished Austrian nobleman who crashed the party. Right away love rears its mystic head and despite the fact that neither has a dime, and they don't know each other, they run off to New York and get married. Of course the marriage kills Nicki's amateur standing with the ladies so the couple decide to keep their nuptials a secret. But a mix-up at a house party where the couple are guests messes things up and they are forced to admit that their behavior has been properly legalized. Ostracized in the East they play the midwest as professional houseguests. But life and gambling debts being what they are, the couple end in the divorce court. But that isn't the end, for you see, they actually love each other. In any case they get together again and repeat their elopement. The acting is first rate. Miss Shearer wears gowns that will make the ladies swoon with envy. She even speaks Polish (at least I think it's Polish). Melvyn Douglas is as sauve as always but unfortunately the story does neither justice.

"Valley of the Sun," the Clarence Budington Kelland Saturday Evening Post story was transposed to the screen by RKO. After seeing it I think it was a waste not only of good paper but sabotage of perfectly good film. **"Valley of the Sun"** is what show people call a horse opry and it lives up to all the traditions of what makes the wild west wild. It's all about a little country gal (Lucille Ball) who runs the local hash house in her spare time who is about to be married to Jim Sawyer (Dean Jagger), the Indian Commissioner, a deep dyed villain who is continually robbing the Indians. Into this scene of peace and contentment comes the knight on a white charger (James Craig). (Actually he comes in on some cactus needles and upsets the applecart). For Mr. Craig, be it known, is a friend of the Indians and is out to see that the dirty dog who is cheating them gets his'n. Of course young Craig is just a jump ahead of a military posse for he just escaped from durance vile. But that doesn't stop our hero, no sir! He just wades in, settles the Indians' problems, beats up the crooked husband-to-be, and marries the girl by himself. It is all quite touching and teaches a moral. Honesty always pays and Love Will Conquer All.

TABLES 'N' BARS

The **La Conga** (51st off B'way) opened its new show last Thursday in what is probably the best entertainment it has had since Georgie Price left for greener fields. It's particularly strong in comedy although it has its share of singing and dancing. In the top spot is Luba Malina who sings in Spanish, Russian, French and English. From the Broadway musical "High Kickers" **La Conga** has borrowed the impish Chaz Chase and his hilarious inanities. Doubling as m.c. and comedy dancer, is Ray English in his first appearance in a New York nite club. Finishing the show is the dance team of Nitza and Ravell. Accompanying are the Los Congettes, which is the name given to the line of girls. For dancing, Noro Morales provides the Latin rhythms while Jack Harris and his orchestra play the American tunes. Incidentally if you're weak on rhumbas and would like to know how to dance them La Conga has free lessons during Saturday matinees. . . . For dining (or lunching) with entertainment that is impromptu try one of the **Rockefeller Plaza** restaurants on either side of the Ice Rink. The spectacle of ice skaters going through their unrehearsed contortions is as good an appetizer as any I know. And if you're lucky you may even see such names as Betty Grable, John Payne or Gertrude Lawrence struggling by on skates. . . . If, however, you want to eat and don't want to be disturbed by any entertainment, planned or not, I suggest **Theodore's** (4 E. 56th). The service is tops and the food, whether your check is $1,65, or higher, is excellent. . . . After theatre if you want entertainment, and you don't want to dance, try **Le Ruban Bleu** (same address as Theodor's). It's a small place but usually jammed. Entertainment usually consists of what is called "Continental Divertissments," which translated means, a singer of sophisticated songs, in this case Olga Coelho, Brazilian songstress and guitarist; Wally Boag who does things with balloons, Mabel Mercer who also sings and the ponderous Peter Sisters who sound like the Andrews Sisters.

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

SUNDAY, 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)

STATE STREET INVESTMENT CORP.

State Street Investment Corp. has filed a registration statement with the SEC for 53,095 shares of common stock, no par value, for an aggregate amount of $3,229,769.

Address—Boston, Mass.

Business—Company is an investment trust.

Underwriting and Offering—The shares will be offered at market. Discount to be allowed on single transactions involving $100,000 or more. Massachusetts Distributors, Inc., is the underwriter.

Proceeds will be used for investment purposes.

Registration Statement No. 2-4945. Form A1 (2-10-42)

TUESDAY, MARCH 3

LACLEDE GAS LIGHT CO.

The Laclede Gas Light Co. has filed a registration statement with the SEC for Certificates of Deposit for $10,000,000 of outstanding (with the public) Refunding & Extension Mortgage 5% bonds, dated Apr. 1, 1904.

Address—St. Louis, Mo.

Business—Engaged in the gas utility business within the city limits of St. Louis, Mo.

Offering—The Certificates of Deposit will be issued to holders of the above bonds in order to represent the deposit of said bonds under a Plan and Agreement dated Feb. 15, 1942, providing for the extension of the maturities of said bonds to Apr. 1, 1945. No underwriting involved.

Registration Statement No. 2-4946. Form A2 (2-12-42)

WEDNESDAY, MARCH 4

AXTON FISHER TOBACCO CO.

Axton Fisher Tobacco Co. filed a registration statement with the SEC for aggregate of 149,944 shares 5% cumulative prior preferred stock, $25 par.

Address—Louisville, Ky.

Business—Engaged in the manufacture of cigarettes (Clown, Spud, and Twenty Grand) and various brands of smoking and chewing tobaccos.

Offering—The 149,944 shares new preferred stock will be issued under a plan of recapitalization, as follows: (1) 56,544 shares in exchange for 14,136 shares outstanding 6% preferred stock on basis of 4 shares new preferred stock plus $17.25 cash for one share of old 6% preferred stock; (2) 54,558 shares in exchange for 45,465 shares outstanding Class A common stock on basis 1 1/5 shares new preferred stock plus $16 cash for one share Class A common stock; and (3) 38,852 shares will be sold first to stockholders of company other than Transamerica Corp., parent company, at $25 per share, with the unsubscribed portion to be sold to Transamerica Corp. at same price. The cash payments in (1) and (2) exchange offers represent unpaid cumulative dividends to Dec. 31, 1941; in connection with offering under (3) above, a cash offer is also to be made in an amount necessary to cover cash payments in the above exchange offers.

Registration Statement No. 2-4947. Form A2 (2-13-42—San Francisco)

TUESDAY, MARCH 10

LOUISVILLE TRANSMISSION CORP. (KY.)

Louisville Transmission Corp. (Ky.) has filed a registration statement with the SEC for $3,850,000 of First Mortgage Sinking Fund bonds, due Mar. 1, 1967. Interest rate will be supplied by amendment.

Address—311 W. Chestnut St. Louisville, Ky.

Business—Incorporated in Kentucky on Dec. 2, 1941, as a subsidiary of Louisville Gas & Electric Co. Company will construct and own a 154,000 volt double circuit transmission line from a point on the site of the Paddy's Run generating station of the parent company, near Louisville, Ky., to a point known as Green River Crossing in Hart County, Ky. (approximately 67 miles) where it will connect with a transmission line which the Tennessee Valley Authority will construct to such point from its South Nashville substation near Nashville, Tenn. (about 105 miles). Company will also construct and own terminal facilities at the parent company's generating stations, together with transmission lines which, together with 10 miles of transmission lines to be constructed by company's wholly-owned subsidiary, Louisville Transmission Corp. (Indiana), will complete the tie-in with Louisville Gas & Electric's system and a transmission system of Public Service Co. of Indiana. Purpose of such construction is to make available to the TVA 1,400,000,000 kilowatt hours of electrical energy per annum from the interconnected system of Louisville Gas & Electric Co., the TVA and four non-affiliated electric companies.

Underwriting and Offering—The bonds will be sold under the competitive bidding rule of the Holding Company Act; public offering price, names of underwriters, will be supplied by amendment.

Proceeds will be used to pay for the cost of the above construction program.

Registration Statement No. 2-4948. Form A1 (2-17-42)

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.

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, Feb. 7 and Feb. 16, 1942 to defer effective date

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)

Registration Effective 12:30 p.m. E. War Time on Feb. 14, 1942.

Public Invitation for Proposals—Company is inviting sealed, written proposals for the purchase from it of 49,000 shares of its cumulative preferred stock, par $100, out of a total authorized issue of 62,000 shares, of which 26,283 shares (including 13,283 shares subject to proposals) are proposed to be offered by the company in exchange to the public holders of its outstanding $6 preferred stock. Such proposals are to be presented to the company, at the office of American Gas and Electric Service Corp., 30 Church St., New York, before 12 noon Eastern War Time on Feb. 24, 1942. Proposals will be considered only from persons who have received copies of the prospectus and only if made in accordance with and subject to such terms and conditions.

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 $5 cumulative convertible preferred stock, no par; and an indeterminable number of shares of no par common stock, to be reserved for issuance upon conversion of the preferred stock

Address—Hamilton, O.

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

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

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

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

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

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

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

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

Amendments filed Dec. 9, Dec. 27, 1941, Jan. 13 and Jan. 30, 1942, to defer effective date

Registration Statement withdrawn Feb. 13, 1942

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 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

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 March 4, 1947. Such warrants as filed and 176,854 shares of 5% preferred stock were issued to preferred and common stockholders of Utility and Industrial Corp. pursuant to merger agreement. It is estimated that total number of warrants ultimately to be outstanding will represent the right to purchase approximately 140,710 shares.

Proceeds will be added to working capital

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

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 and Feb. 16, 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

Calendar of New Security Flotations

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, Jan. 24 and Feb. 2, 1942 to defer effective date.

ILLINOIS COMMERCIAL TELEPHONE CO.

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

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

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

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

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

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

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

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

Amendments filed Nov. 26, 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, Jan. 27 and Feb. 14, 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

Withdrawal request filed Feb. 16, 1942.

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)

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)

Amendment filed March 11, 1942, to defer effective date.

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)

Amendment filed Feb. 16, 1942, to defer effective date.

McDONNELL AIRCRAFT CORP.

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

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

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

Underwriting—None. Securities to be offered by company

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

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

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

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

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, Jan. 26 and Feb. 11, 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 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

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. Price $98 per share.

Registration Effective 4.45 p.m. E. S. War Time on Feb. 16, 1942.

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)

The Schenley Distillers Corp. on Feb. 13 filed an amendment, disclosing that it now proposes to issue only $15,000,000 of debentures instead of an aggregate of $27,500,000 contemplated in the original registration statement filed on Dec. 30.

According to the amendment, the company will offer $15,000,000 of 10-year 3¾% sinking fund debentures due on Feb. 1, 1952, in lieu of the $10,000,000 of 10-year 3¼% sinking fund debentures due on Jan. 1, 1952, and $17,500,000 of 15-year 4% sinking fund debentures due on Jan. 1, 1957. The debentures will be offered at a price to be supplied by later amendment. The underwriting commission will be 1¾%.

The names of the underwriters of the debentures, and the amounts to be purchased by each, are as follows:

Underwriter	Amount
Mellon Securities Corp.	$2,000,000
Alex. Brown & Sons	200,000
A. C. Allyn & Co., Inc.	225,000
Blair & Co., Inc.	250,000
Blyth & Co., Inc.	825,000
Bonbright & Co.	400,000
Central Republic Co.	225,000
Dillon, Read & Co.	1,100,000
Emanuel & Co.	200,000
Estabrook & Co.	225,000
First Boston Corp.	825,000
Hallgarten & Co.	225,000
Harris, Hall & Co., Inc.	400,000
Hayden, Miller & Co.	150,000
Hemphill, Noyes & Co.	350,000
J. J. B. Hilliard & Son	125,000
W. E. Hutton & Co.	300,000
Jackson & Curtis	225,000
Kidder, Peabody & Co.	400,000
Kuhn, Loeb & Co.	1,100,000
Lazard, Freres & Co.	400,000
Lee Higginson Corp.	350,000
Carl M. Loeb, Rhoades & Co.	250,000
Laurence M. Marks & Co.	125,000
Merrill Lynch, Pierce, Fenner & Beane	250,000
Moore, Leonard & Lynch	125,000
F. S. Moseley & Co.	250,000
Paine, Webber & Co.	250,000
Parrish & Co.	125,000
Riter & Co.	225,000
Schwabacher & Co.	200,000
Shields & Co.	400,000
Singer, Deane & Scribner	125,000
Stein Brothers & Boyce	225,000
Stone & Webster and Blodget, Inc.	400,000
Stroud & Co., Inc.	150,000
Tucker, Anthony & Co.	400,000
Union Securities Corp.	400,000
Wertheim & Co.	350,000
Whiting, Weeks & Stubbs, Inc.	250,000

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, Jan. 22 and Feb. 10, 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)

Amendment filed Feb. 11 to defer effective date.

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)

Amendment filed Feb. 11 to defer effective date

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)

Registration Effective but apparently deficient at 4.45 p.m. E. S. War Time on Feb. 16, 1942.

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
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

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

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 everal 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)

STANY Is Revenged On Phila. Bowlers

The Security Traders Association of New York have wiped out their defeat of last year at the hands of the Investment Traders Association of Philadelphia, by downing the Philadelphians with a total of 218 pins.

Three five-men teams represented each association at the contest which was held at the Bowlmor Bowling Alleys. The STANY team was captained by W. G. Conary of B. W. Pizzini & Co.; the Investment Traders of Philadelphia were captained by Al Tryder of H. T. Greenwood & Co.

High average for the night was won by Arthur Burian of Bonner & Gregory, New York City, with an average of 193, for which he received a prize of ten dollars in defense stamps. High single string was held by Bill Kumm of Dunne & Co., New York City, with 226, for which he was awarded a five dollar book of defense stamps.

After the game, a party was held at Jack Delaney's in Greenwich Village.

Content, Hano & Co. Add Keif & Swords

Content, Hano & Co., members of the New York Stock Exchange with offices at 39 Broadway, New York, Calvert Building, Baltimore, Md., and 1505 Walnut St., Philadelphia, Pa., announce that they have expanded their trading department in both New York and Philadelphia.

Clifford Keif, formerly in charge of the trading department of Allen N. Young & Co. and Independence Shares Corp., has become associated with the firm in Philadelphia. William Swords, who has been in Wall Street for 20 years, recently with W. S. Sagar & Co. and prior thereto with Pflugfelder, Bampton & Rust, will be identified with the New York Trading Desk. These two desks will be connected with a direct telephone connection for the rendition of fast and accurate service.

New Jersey Bond Club To Hold Annual Dinner

The annual banquet of The Bond Club of New Jersey will be held on Wednesday, Feb. 25, according to announcement by Lee W. Carroll, President. A formal dinner will be held at the Robert Treat Hotel in Newark, at which Roy W. Moore, President of Canada Dry Ginger Ale, Inc., will be guest of honor and speaker.

Ludlow Van Deventer, Secretary of the Club, is handling reservations for the dinner.

Lawrence Connell Now With Strauss Bros.

Lawrence J. Connell, formerly of Fitzgerald & Co., and prior thereto manager of the trading department of Hartley Rogers & Co., has become associated with Strauss Bros., 32 Broadway, New York City.

Our Reporter On "Governments"

Apparently, from now on, Secretary Morgenthau is going to try to hold down the premiums on new issues to the one-point level. . . . No longer is he going to give away 2 and 2½ points to free riders. . . . No longer does he want any free riders, as a matter of fact. . . . This latest issue of 2¼s of 1955/52 tells us a yardstick for premiums is being worked out. . . . And unless we miss our guess, the yardstick is ⅞ to a point—with only the real buyers getting a chance even at that. . . .

The new 2¼s went over, of course. . . . The issue had to be a success. . . . At this writing, no Federal Reserve Bank buying has come into the market to make sure the price level holds, but it may be taken for granted that support will be tendered if the market becomes sloppy. . . . So, regardless of investor reaction, the new issue is certain of quick distribution. . . .

It's surprising that Morgenthau didn't sell a note issue, especially since the commercial bankers had indicated so clearly their eagerness for these. . . . But, again the interpretation is he is trying to establish a policy. . . . He wants to "save" the note list for a more crucial period, to have it there for use when an emergency arises and he needs cash badly at a poor marketing time. . . . Then the 3 and 5-year note issues may come back into prominence. . . .

It's also surprising that Morgenthau chose the 10-13 year maturity range. . . . He might have pushed out the call date another year or two. . . . But he wasn't taking any chances with eliminating commercial bank buying to too great an extent. . . . And the banks will buy 10-13 year bonds. . . . So will the insurance companies and other institutions. . . . So while the maturity was shorter than had been anticipated, the objective was attained with ease anyway. . . .

Not A Call Bond

For years, we've been thinking of bonds with call dates and maturity dates as due on the call date. . . . It has been taken for granted that issues would be refunded at the earliest possible time. . . . Prices have been based on this theory. . . . It has worked out in the market and in practice. . . .

This new 2¼% issue, though, is likely to remain outstanding until the last moment. . . . The odds are that when 1952 rolls around, a 2¼% coupon on an issue will look mighty attractive to any Treasury Chief operating then. . . . So don't think of the call date on these at all. . . . Consider them as 1955 bonds—and place them in your portfolio as that. . . .

Incidentally, at around 1952-1955, the Treasury will be struggling with some huge maturities. . . . Indicating again that call is improbable. . . . Defense bonds will be maturing at a terrific rate. . . . The bonds sold in the '30s will be coming due. . . .

Next Borrowing

The Treasury's working balance, now at around $2,177,000,000 will be lifted to a new high when the latest issue of 2¼s is paid for. . . . This backlog, along with payments received on March 15 and with receipts from defense bond sales should put Morgenthau into a comfortable cash position even despite the war expenditures. . . .

So don't look for another cash borrowing for at least two months. . . . April, at the earliest. . . . Maybe, postponement until May. . . . And there's always the bill market in case some ready money is wanted and the Treasury doesn't want to go through the rigmarole of an open market borrowing. . . .

As for the refunding calendar, that's clear too. . . . Clear until mid-summer for the Treasury itself, for the next note issue due is the $342,000,000 2s of Sept. 15, 1942. . . . And clear until June for the agencies, for the maturities here are the $875,000,000 of HOLC 2¼s of July 1, 1944/42 and the $276,000,000 RFC 1s of July 1, 1942. . . .

Another reason why Morgenthau may have omitted the note issue this time is the crowded calendar in the next few years. . . . Unless 3¼% becomes a mighty attractive coupon in 1943 and 1944 —and if that happens, all the recent issues will be below par— the Treasury will be refunding in 1943, the $1,401,000,000 of 3¼s of 10/15/45/43 and the $454,000,000 of 3⅜s of 6/15/47/43. . . . There are lots of bonds and notes due in 1944 too. . . .

Free Riding

Free riding is out. . . . Not even the smartest professional trader sees a way around the rules on dealers and brokers as they stand today. . . . As for individuals, the requirement that preferential allotment will be given only to those who'll take registered bonds 90 days from the date of sale and the rule holding down subscriptions to 50% of the individual's net worth take care of individual free riding in high style. . . .

For years, free riding has been a wonderful operation for all familiar with the Government market. . . . It has been the quickest, surest way to make money. . . . It has given all of us a knowledge of and fondness for the Government market that surely would not have existed had it not been for this type of speculative activity. . . .

But this is war. . . . Morgenthau is frightened cold over what may happen to the structure if a selling wave starts at a bad time. . . . He doesn't want free riding, despite the appearance of success it gives to all new issues. . . . And his new rules seem fool-proof. . . .

As they stand now, banks and trust companies can subscribe only to 50% of their capital and surplus. . . . Mutual savings banks, cooperative banks, Federal savings and loan associations, trust accounts, investment corporations, pension funds, insurance companies and similar institutions can subscribe only to 10% of their total resources. . . . Dealers and brokers, only to 50% of their net worth. . . . And individuals only to 50% of their net worth or, as an alternative, individuals may pay in full for their subscriptions. . . .

If these rules can be side-stepped, they can't be on a great enough scale to warrant the effort. . . .

We'll be seeing larger allotment percentages from now on, therefore. . . .

We'll be seeing smaller over-subscription totals. . . .

The market won't be so excited and colorful right after a financing as in the past. . . .

In short, free riding will be gone. . . .

Inside The Market

Insurance companies held off on purchases of Governments in recent weeks, preparing for new issue. . . . So far in 1942, activities of major insurance companies have been light in comparison with deals in final months of 1941, but this lack of buying is temporary. . . . Insurance companies are doing their main buying on new issue dates—not wasting their efforts on open market trading. . . .

Savings banks frightened over heavy withdrawals by misguided patriots shifting their savings into defense bonds, hoarding currency or hoarding goods. . . . Fear they'll be forced to a minor position in the Government market if trend continues and eventually, they may be forced to sell part of their holdings to meet demands for cash. . . .

Withdrawals of deposits from savings banks are not helping anyone—the Treasury, the market or the people. . . . A campaign to stop this dangerous trend will be started soon. . . .

Other institutions will have to replace savings banks as prime buyers of Governments, though. . . .

Publicity drive for defense bonds is getting under way. . . . Sales this month should run around $800,000,000, as compared with $1,000,000,000 in January. . . . Pick-up in distributions possible within a few weeks. . . .

Market has been weak. . . . Unusually dull. . . . Due not to selling pressure, but to lack of buying before financing announcement. . . . Typical pre-issue market existed before Friday, and Federal Reserve made no efforts at support. . . .

Wade & Gally Join Fairman Co. Staff

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—Robert C. Wade and John V. Gally, both previously with Fox, Castera and Co., have become associated with Fairman & Co., 650 South Spring Street. Mr. Wade in the past was President of C. H. Hatch & Co. and R. C. Wade & Co., Inc. and prior thereto was an officer of Smith, Camp & Riley, Ltd. Mr. Gally was previously with Bankamerica Co. and was manager of the statistical and research department of Gersten & Co.

Williams Promoted

(Special to The Financial Chronicle)

CLEVELAND, OHIO—Ralph L. Williams, who has been associated with Ball, Coons & Co., Union Commerce Building, for some time, has been elected Secretary and Treasurer of the firm.

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.