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SEC Rules Securities Registrations Are Subject To Wartime Restrictions

Rules affecting the registration of securities in wartime have been adopted by the Securities and Exchange Commission, these rules providing "for the omission or confidential treatment of any information, the publication of which is inconsistent with the standards of the Code of Wartime Practices promulgated by the Office of Censorship." "Such rules," says the Commission in its announcement, issued Feb. 19, "are applicable to all filings under the Securities Exchange Act of 1934 and the Public Utility Holding Company Act of 1935." In making known its action the Commission says:

Procedure has been established whereby the Commission, in cooperation with the Office of Censorship, will upon request render advance, informal opinions in cases where issures, underwriters, or other persons are in doubt as to the extent to which, or the manner in which, particular information may be disclosed in a registration statement, prospectus, report, or other document.

The results of a survey of material filed during the past year under the various statutes indicate that little information of a "military secret" nature is contained in the public files of the Commission. It is apparent from the survey that appropriate generalization or grouping of certain detailed information is practicable, would provide protection for investors and would avoid any disclosure contrary to the Code. In future filings, if any such generalization or grouping should not in a particular case be practicable, the new rules will authorize omission or confidential treatment of the material deemed to violate the Code. It should be noted in this connection that since June 26, 1936, Rule 581 under the Securities Act of 1933 has provided for the omission or confidential treatment of contracts affecting the National Defense. This rule was recently broadened to include contracts relating to the military forces of allies of the United States as well as those of the United States.

The general type of information which the Office of Censorship in the Code of Wartime Practices deems adversely to affect the war program and which thus, under the Commission's new rules, is to be omitted or treated confidentially in any filings under the three statutes mentioned above, is summarized as follows:

(1) The number, size, character, and location of ships in construction, or advance information as to the date of launchings or commissionings; or the physical set-up or technical details of shipyards.

(2) Specific information about war contracts, such as the exact type of production, production schedules, dates of delivery, or progress of production; estimated supplies of strategic and critical material available; or nation-wide "round-ups" of locally published procurement data except when such composite information is officially approved for publication.

(3) Specific information about the location of, or other information about, sites and factories already in existence, which would aid saboteurs in gaining access to them; information other than that readily gained through observation by the general public, disclosing the location of sites and factories yet to be established, or the nature of their production.

(4) Any information about new or secret military designs, or new factory designs for war production.

The following is the full text of the Commission's announcement relative to its action:

I

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by

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OUR REPORTER'S REPORT

The major complaint in investment quarters, currently, is the dearth of interest in the buying side of the market, a condition which naturally tends to discourage new undertakings by corporations with financing or refinancing in mind.

It is not a case of the seasoned market actually having weakened perceptibly, as far as outstanding bonds are concerned. Rather quite the opposite condition has prevailed.

Measured by generally accepted barometers, it develops that high-grade public utility bonds, in which the bulk of interest has centered in recent years, have eased an average of only about a point, or the equivalent of .05% in yield basis, since Jan. 1, last.

While investors, particularly institutions, have been inclined to hold off from additions to their portfolios, they have not, on the other hand, shown any disposition to lighten such holdings in a manner that would reflect in volume sales.

The market, according to traders who are in daily contact with it, is still an "order market" to use their phraseology. That is, the situation is one in which it is found that resting orders to buy have been sufficient to absorb such offerings as have made their appearance in utility loans carrying rating of BAA or higher.

What Averages Show

What has taken place since the turn of the year is revealed best, perhaps, by a look at the averages maintained by Moody's Investors Service.

Here it develops that Triple A utilities have moved down

(Continued on Page 839)

SEC Report Sees Growing Importance Of Secondary Distribution Of Exchange Stocks

The Securities and Exchange Commission has made public a report by its Trading and Exchange Division on Secondary Distribution of Exchange Stocks. The report is the second of a series of studies on current problems facing the nation's securities markets. The first study of this series, released in November, 1940, analyzed the problem of "multiple trading" on securities exchanges.

The Commission's release bearing on the report deals with the studies and analysis of the functions of secondary offerings, but the report itself appears to indicate the growing importance of secondary distributions. Stating that according to the Commission secondary distribution of stocks has come to stay, the "Wall Street Journal" in advices from the Washington bureau on Feb. 19 had the following to say:

A study by the SEC's trading and exchange division showed that secondary distributions have been growing in a period during which exchange volumes have dropped off markedly. There are no indications, the study comments, that the growth will not continue.

The voluminous data gathered on the subject by the SEC show that common stocks, particularly the better known issues, were more than proportionately represented among New York Stock Exchange issues in secondary distributions during recent months.

Besides occurring more frequently, distributions have taken place increasingly, in better known stocks. In 1940, the average exchange volume of the distributed issues exceeded the average volume on the New York Stock Exchange.

The profits accruing to members from participation in secondary distributions far exceed their profits from handling a a like amount of brokerage business on the Exchange, the SEC report finds.

As an instance of the growing importance of secondary distributions, the New York Stock Exchange has recently adopted a plan, approved for temporary trial by the SEC, for "special offerings." The plan permits large blocks of stock to use exchange facilities, with special price concessions to dealers, when such blocks are not readily marketable on the floor through the auction market at a reasonable price.

The rising tide of secondary offerings has not been due simply to a decline in the ability of exchanges to absorb large blocks of stock, the Commission report states. Appreciable increases in income taxes in the middle 30's probably contributed to the liquidation of blocks of securities as holders sought to establish tax losses which would offset capital gains, the SEC said.

Inheritance taxes also were raised materially in the same period, inducing the liquidation of larger portions of estates' assets and persuading many wealthy men to maintain larger

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Calls Proposed Change In Profits Tax Defective, Inequitable, Working Hardship On Stockholders

In a detailed 8-page study of the proposed change in the Excess Profits Tax, A. M. Clifford, of A. M. Clifford and Associates, investment counselors, 639 South Spring Street, Los Angeles, Calif., calls the proposed change fundamentally defective and inequitable adding that it would work an unwarranted hardship upon owners of many common stocks of choicest investment quality. Mr. Clifford states that his attitude is "not an endeavor to evade taxation. The emergency demands that good citizens should be willing to pay heavy taxes; but they are within their rights to insist upon an equitable levy of taxes, and that their money be wisely spent."

In conclusion, Mr. Clifford states: "From a critical examination of this problem, and from my 37 years of experience in the field of investment finance, I am of the opinion that it would be a serious mistake to employ invested capital as the sole basis for determining the Excess Profits Tax. My major reasons may be epitomized as follows:

"1. It implies that the amount of invested capital determines the resulting profits; this is not true in fact.

"2. It infers that all invested capital is entitled to the same percentage of profit regardless of the 'risks' involved; this is contrary to sound principle, as the hazards of various industries differ widely.

"3. It fails to differentiate between results obtained from good management, intensive research, well directed effort and initiative on the one hand, and a lack of those qualifications on the other hand. It penalizes efficiency with undue severity.

"4. It would work a hardship, if not an injustice, upon investors, including educational institutions, insurance companies, etc., who are bona fide holders of common stocks bought upon the long established and sound principle that investment value rests more upon future expectancy of earning capiacity and income than upon invested capital.

"5. It would probably flood our courts with highly controversial problems, as the question of what constitutes true invested capital is exceedingly complex and very difficult both to determine and to define.

"6. Both invested capital and average earnings have value as a basis; each protects a particular class from injustice."

Central States Group Of I.B.A. Will Hold Conference In Chicago On "Financing Victory"

First war-time gathering of representatives of the investment securities business will be held in Chicago, March 5 and 6, and the climax of the program will be a forum on "Financing Victory and the Part that the Investment Securities Business Can Play in the Job." Announcement of the program was made by John S. Loomis, President of The Illinois Co. of Chicago, and Chairman of the Central States Group of the Investment Bankers Association of America, under whose auspices the meeting, the Seventh Annual Conference of the Central States Group, is to be held. The "Financing Victory" session will be held on March 6, when the entire afternoon will be devoted to the subject. Officials of the Treasury Department and of the Treasury's Defense Staff from Washington and Chicago are scheduled to participate with representatives of the nation's securities selling business in a thorough discussion of means whereby that business can perform its maximum part in promoting the sales of securities to finance the war. The advices from the Association also state:

Among Washington officials expected for the meeting are George Buffington, Assistant to the Secretary of the Treasury, Eugene W. Sloan, Executive Director, and R. W. Sparks, Field Director, of the Defense Savings Staff. Mr. Buffington was formerly in the securities business in Chicago and is in charge of the Treasury's sale of Tax Savings Notes. Another former Chicago investment banker to take part will be T. Jerrold Bryce, a dollar-a-year man with the Defense Savings Staff in Washington on leave of absence from his present firm, Clark, Dodge & Co., of New York. In addition, Norman B. Collins, State Administrator, and John G. Gallaher, Deputy State Administrator, of the Defense Savings Staff in Illinois, will participate.

An attendance big enough to raise the meeting to the status of a small convention of investment bankers is anticipated. wide interest in the special forum on war financing is one factor in swelling the numbers. Furtherfore, two other meetings have been timed to bring additional investment bankers to Chicago earlier in the same week. These meetings, also announced on Feb. 24, by John S. Fleek of Cleveland, President of the Investment Bankers Association of America, are the regular winter meetings of the Association's Board of Governors to be held here March 4, and a meeting on March 3 of the Public Information Committee which directs the Association's national public relations program.

The Conference of the Central States Group, seventh of an annual series, has itself been attracting increasing numbers of bankers each year from outside the territory of the Group, which includes all of Illinois, Indiana, Wisconsin, Iowa and Nebraska. With its special features this year, its sponsors expect the meeting to become national in scope with an especially strong representation from New York and other eastern city underwriting firms.

Forums and discussion sessions will fill the entire program for the meeting except for the opening luncheon on Thursday, March 5, when W. A. Patterson, President of the United Air Lines, will speak on the air transportation during and following the war. On Thursday afternoon there will be a forum for the discussion of the securities business under present conditions, conducted by Jay N. Whipple of Bacon, Whipple & Co., Chicago, a Vice-President of the IBA and Chairman of its Education Committee. At a forum on municipal finance on Friday morning, March 6, conducted by Bruce H. DeSwarte of the Continental Illinois National Bank & Trust Co., Chairman of the Municipal Securities Committee of the Central States Group, the currently live question of taxing the income from municipal securities will be discussed. Austin J. Tobin, assistant general counsel of the Port of New York Authority and Secretary of the Conference on State Defense, will speak at that forum.

James M. Fox To Be Robertson Co. Partner

James M. Fox, member of the New York Stock Exchange, will shortly become a partner in Robertson & Co., 40 Wall Street, New York City, members of the Stock Exchange. Mr. Fox has recently been in business as an individual floor broker; prior thereto he was a partner in Sweetser & Co. and Hulburd, Warren & Chandler.

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Purcell To Address N. Y. Dealers Dinner

The New York Security Dealers Association announces that the Hon. Ganson Purcell, Chairman Securities & Exchange Commission will be the Guest Speaker at their Annual Dinner to be held on March 26, in the Grand Ballroom of the Waldorf-Astoria.

As reservations are rapidly being received, the Association suggests that anyone who desires to attend the Dinner communicate with the office at 42 Broadway, DI 4-1650.

Suitable entertainment will follow the Dinner. Subscription $7.50 per person (tax included). Dinner jacket.

W. A. Ertinger Now With Newborg & Co.

Newborg & Co., 80 Broad Street, New York City, Members New York Stock Exchange and other national Exchanges announce that W. L. Ertinger, formerly a partner in the firm of W. L. Ertinger & Co., has become associated with them.

Cleveland Bond Club Annual Winter Dinner

CLEVELAND, OHIO — The Bond Club of Cleveland announces that its annual winter party will be held on March 4th at the University Club of Cleveland. Dinner and a hockey game, free to members, will be features of the party.

McQuoid In Hollywood

(Special to The Financial Chronicle)

HOLLYWOOD, CALIF.—Frank McQuoid has opened offices in the Guaranty Building to engage in a securities business. In the past he was an officer of Industrial Investment Corporation and did business as an individual dealer.

NASD Committees And Chairmen Announced

Formation of the District Committees of the National Association of Securities Dealers, Inc., and the election of chairmen and other officers for 1942 have been completed. Members of the committees and their chairmen who will serve until January, 1943, are:

District No. 1 (Idaho, Oregon and Washington)—Richard H. Martin, Ferris & Hardgrove, Portland, Ore., Chairman; Archibald W. Talbot, Hartley Rogers & Co., Seattle, Wash., Vice-Chairman; Beardslee B. Merrill, Richards & Blum, Inc., Spokane, Wash., Secretary; Frank A. Bosch, Warrens, Bosch & Floan, Portland, Ore.; Waldo Hemphill, Waldo Hemphill & Co., Seattle, Wash.; George R. Yancey, Murphey, Favre & Co., Spokane, Wash.

District No. 2 (California)—North—(San Francisco): Roy L. Shurtleff, Chairman, Blyth & Co., Inc.; H. R. Baker, H. R. Baker & Co.; Spencer Brush, Brush, Slocumb & Co.; Thomas M. Hess, Gibbons & Hess; Norman D. Weeden, Weeden & Co.; South (Los Angeles): Ralph E. Phillips, Vice-Chairman, Dean Witter & Co.; Warren H. Crowell, Crowell, Weedon & Co.; Colis Mitchum, Mitchum, Tully & Co.; Donald O'Melveny, O'Melveny - Wagenseller & Durst; Charles F. Sill, Nelson Douglass & Co.; A. S. Van Denburgh, Jr., Van Denburgh & Bruce, Inc.

District No. 3 (Arizona, Colorado, New Mexico, Utah, Wyoming)—Jerry C. Vasconcells, Vasconcells, Hicks & Co., Denver, Chairman; Malcolm F. Roberts, Sidlo, Simons, Roberts & Co., Vice-Chairman; Arthur H. Bosworth, Bosworth, Chanute, Loughridge & Co., Denver; Donald F. Brown, Donald F. Brown & Co., Denver; Edward B. Coughlin, Coughlin and Co., Denver; Robert D. Sims, Sims, Newman and Co., Colorado Springs, Colo.; Paul E. Youmans, Sullivan & Co., Denver.

District No. 4 (Minnesota, Montana, North Dakota, South Dakota)—Norman Nelson, Piper, Jaffray & Hopwood, Minneapolis, Minn., Chairman; Wilbert W. Wittenberg, Wittenberg Merrick Company, Minneapolis, Minn., Secretary; Homer Collins, Homer Colline & Company, Duluth Minn.; Stanley Gates, Stanley Gates & Co., St. Paul, Minn.; Almon A. Greenman, Greenman & Cook, Inc., St. Paul, Minn.; Dewey F. Gruenhagen, Thrail West Company, Minneapolis, Minn.; William Mannheimer, Mannheimer-Caldwell, Inc., St. Paul, Minn.; Clyde C. Needham, Needham & Company, Inc., Minneapolis, Minn.; Elmer L. Williams, Allison-Williams Company, Minneapolis, Minn.

District No. 5 (Kansas, West Missouri, Oklahoma) — Harlan Herrick, The Lathrop-Hawk-Herrick Company, Wichita, Kan., Chairman; Howard H. Fitch, Stern Brothers & Co., Kansas City, Mo., Vice-Chairman; George K. Baum, Baum, Bernheimer Company, Kansas City, Mo.; Harry A. Beecroft, Beecroft, Cole & Company, Topeka, Kan.; G. H. C. Green, R. J. Edwards, Inc., Oklahoma City, Okla.; Eugene L. Young, Kansas City, Mo.

District No. 6 (Texas)—Wm. P. Smallwood, The State Investment Company, Fort Worth Texas, Chairman; Jack P. Brown, Dallas Union Trust Company, Dallas, Texas; Elmer A. Dittmar, Mahan, Dittmar & Company, San Antonio, Texas; Donald D. James, E. J. Roe and Company, San Antonio, Texas; Robert E. Moroney, Moroney, Beissner & Co., Houston, Texas; J. L. Mosle, Mosle and Moreland, Galveston, Texas.

District No. 7 (Arkansas, East Missouri, Kentucky)—Joseph G. Peterson, Eckhardt-Petersen and Co., Inc., St. Louis, Chairman; John D. McCutcheon, John D. McCutcheon and Co., Inc., St. Louis, Vice-Chairman; Firmin D. Fusz, Jr., Fusz-Schmelzle & Co., St. Louis; A. B. Tilghman, A. G. Edwards & Sons, St. Louis; J. R. Vinson, J. R. Vinson and Company, Incorporated, Little Rock, Ark.; James C. Ward, G. H. Walker & Co., St. Louis; Louis J. Nicolaus, Stifel, Nicolaus & Company, Inc., St. Louis.

District No. 8 (Illinois, Indiana, Iowa, Michigan, Nebraska, Wisconsin)—Paul S. Grant, The Milwaukee Company, Milwaukee, Wis., Chairman; Howard F. Allen, Central Republic Company, Chicago, Ill., Vice-Chairman; L. Raymond Billett, Stern, Wampler & Co., Inc., Chicago, Ill.; Louis J. Cross, Paul H. Davis & Co., Chicago, Ill.; Charles B. Crouse, Crouse & Company, Detroit, Mich.; Michael D. Dearth, Murdoch, Dearth & White, Incorporated, Des Moines, Iowa; Noah M. Dixon, The Dixon-Bretscher Company, Inc., Springfield, Ill.; Walter E. Kistner, A. C. Allyn and Company, Chicago, Ill.; Augustus Knight, Knight, Dickinson & Co., Chicago, Ill.; Bennett S. Martin, The First Trust Company of Lincoln, Neb., Lincoln, Neb.; G. William Raffensperger, Raffensperger, Hughes & Co., Inc., Indianapolis, Ind.; William C. Roney, Wm. C. Roney & Co., Detroit, Mich.

District No. 9 (Alabama, Florida, Georgia, Louisiana, Mississippi, South Carolina, Tennessee)—Clement A. Evans, Clement A. Evans & Company, Atlanta, Ga., Chairman; Brownlee O. Currey, Equitable Securities Corporation, Nashville, Tenn., Vice-Chairman; Julian R. Hirshberg, Norris & Hirshberg, Inc., Atlanta, Ga.; D. J. Lucas, G. H. Crawford Co., Inc., Columbia, S. C.; Porter King, King, Mohr and Company, Mobile, Ala., Secretary; Henry J. Blackford, A. M. Law & Company, Spartanburg, S. C.; Francis B. Childress, Childress and Company, Jacksonville, Fla.; Jo Gibson, Jr., Webster & Gibson, Nashville, Tenn.; John B. Shober, Woolfolk Huggins & Shober, New Orleans, La.; J. Mills Thornton, Montgomery, Ala.; Macrery B. Wheeler, Wheeler & Woolfolk, Incorporated, New Orleans, La.

District No. 11 (District of Columbia, Maryland, North Carolina, Virginia, West Virginia)—Howard E. Demuth, Mackubin, Legg & Company, Baltimore, Md., Chairman; L. Gordon Miller, Miller & Patterson Richmond, Va., Vice-Chairman; Oscar Burnett, Oscar Burnett and Company, Inc., Greensboro, N. C.; James Parker Nolan, Folger, Nolan & Co., Inc., Washington, D. C.; Harold C. Patterson, Auchincloss, Parker & Redpath, Washington, D. C.; Harry R. Piet, Jr., John D. Howard & Co., Baltimore, Md.

District No. 12 (Delaware and Pennsylvania)—Pittsburgh: Na-

(Continued on Page 838)

Eyre To Be Partner In Delafield Firm

Beverley M. Eyre will shortly be admitted to partnership in the New York Stock Exchange firm of Delafield & Delafield, 14 Wall Street, New York City. Mr. Eyre will act as alternate for Benjamin V. Harrison, Jr. on the floor of the Exchange under section 15 article IX of the Exchange's constitution. Mr. Eyre in the past was an individual floor broker, and prior thereto was a partner in Hubbard Bros. & Co. and Berg, Eyre & Kerr.

DIVIDEND NOTICES

Allied Chemical & Dye Corporation
61 Broadway, New York

February 24, 1942

Allied Chemical & Dye Corporation has declared quarterly dividend No. 84 of One Dollar and Fifty Cents ($1.50) per share on the Common Stock of the Company, payable March 20, 1942, to common stockholders of record at the close of business March 6, 1942.

W. C. KING, *Secretary.*

CALUMET AND HECLA CONSOLIDATED COPPER COMPANY
Dividend No. 39.

A dividend of twenty-five cents ($0.25) per share will be paid on March 13, 1942, to holders of the outstanding Capital Stock of the Calumet and Hecla Consolidated Copper Company of record at the close of business February 28, 1942. Checks will be mailed from the Old Colony Trust Company, Boston, Mass.

A. D. NICHOLAS, Secretary.
Boston, February 18, 1942.

DU PONT — E. I. DU PONT DE NEMOURS & COMPANY

WILMINGTON, DELAWARE: *February 16, 1942*

The Board of Directors has declared this day a dividend of $1.12½ a share on the outstanding Preferred Stock, payable April 25, 1942, to stockholders of record at the close of business on April 10, 1942; also $1.25 a share, as the first "interim" dividend for 1942, on the outstanding Common Stock, payable March 14, 1942, to stockholders of record at the close of business on February 24, 1942.

W. F. RASKOB, *Secretary*

Electric Power & Light Corporation
Dividends on
$6 Preferred Stock & $7 Preferred Stock

At a meeting of the Board of Directors of Electric Power & Light Corporation held on February 24, 1942, a dividend of 30 Cents per share was declared on the $6 Preferred Stock and 35 Cents per share on the $7 Preferred Stock of the Corporation for payment April 1, 1942, to stockholders of record at the close of business March 6, 1942.

E. H. DIXON, Treasurer.

THE ELECTRIC STORAGE BATTERY CO.

Exide BATTERIES

The Directors have declared from the Accumulated Surplus of the Company a dividend of Fifty Cents ($.50) per share on the Common Stock, payable March 31, 1942, to stockholders of record at the close of business on March 10, 1942. Checks will be mailed.

H. C. ALLAN, *Secretary and Treasurer.*
Philadelphia, February 20, 1942.

HOLLANDER DYED FURS

A. HOLLANDER & SON, INC.
Common Dividend

A dividend of 25c per share on the Common Stock has been declared, payable March 14, 1942, to stockholders of record at the close of business on March 4, 1942.
Checks will be mailed.

ALBERT J. FELDMAN, Sec.
Newark, N. J.
February 20, 1942.

INTERNATIONAL HARVESTER COMPANY

The Directors of International Harvester Company declared a quarterly dividend of fifty cents (50c) per share on the common stock payable April 15, 1942 to all holders of record at the close of business on March 20, 1942.

SANFORD B. WHITE, Secretary.

JM **Johns-Manville Corporation**
DIVIDEND

The Board of Directors declared a regular quarterly dividend of $1.75 per share on the Cumulative 7% Preferred Stock, payable April 1, 1942, to holders of record on March 17, 1942, and a dividend of 75c per share on the Common Stock, payable March 24, 1942 to holders of record on March 10, 1942.

J. L. PICHETTO, *Assistant Treasurer*

KANSAS CITY POWER & LIGHT COMPANY
First Preferred, Series B, Dividend No. 61
Kansas City, Missouri. February 18, 1942.

The regular quarterly dividend of $1.50 per share on the First Preferred, Series "B," Stock of the Kansas City Power & Light Company has been declared payable April 1, 1942, to stockholders of record at the close of business March 14, 1942.

All persons holding stock of the company are requested to transfer on or before March 14, 1942, such stock to the persons who are entitled to receive the dividends.

H. C. DAVIS, Assistant Secretary.

DIVIDEND ON COMMON STOCK

The directors of Philco Corporation have declared a dividend of twenty-five cents ($.25) per share on the outstanding common stock, payable on March 12th, 1942, to stockholders of record on February 28th, 1942.

PHILCO CORPORATION
RADIOS • PHONOGRAPHS • TELEVISION
AUTO RADIOS • TUBES • REFRIGERATORS
AIR CONDITIONERS • BATTERIES

DIVIDEND NOTICES

OFFICE OF LOUISVILLE GAS AND ELECTRIC COMPANY
CHICAGO ILLINOIS

The Board of Directors of Louisville Gas and Electric Company (Delaware), at a meeting held on February 17, 1942, declared a quarterly dividend of thirty-seven and one-half cents (37½c) per share on the Class A Common Stock of the Company, for the quarter ending February 28, 1942, payable by check March 25, 1942, to stockholders of record as of the close of business February 28, 1942.

At the same meeting a dividend of twenty-five cents (25c) per share was declared on the Class B Common Stock of the Company, for the quarter ending February 28, 1942, payable by check April 28, 1942, to stockholders of record as of the close of business February 28, 1942.

G. W. KNOUREK, Treasurer.

UNION CARBIDE AND CARBON CORPORATION

UCC

A cash dividend of Seventy-five cents (75¢) per share on the outstanding capital stock of this Corporation has been declared, payable April 1, 1942, to stockholders of record at the close of business March 12, 1942.

ROBERT W. WHITE, Vice-Pres. & Treas.

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

A dividend of $.75 per share on the Preferred Stock ($6) and a dividend of $.62½ per share on the $5 Preferred Stock of American Power & Light Company were declared on February 25, 1942 for payment April 1, 1942, to stockholders of record at the close of business March 10, 1942. These amounts are one-half of the quarterly dividend rates of $1.50 per share on the Preferred Stock ($6) and $1.25 per share on the $5 Preferred Stock.

D. W. JACK, Secretary and Treasurer.

CANCO **AMERICAN CAN COMPANY**
PREFERRED STOCK

On January 27th, 1942, a quarterly dividend of one and three-quarters per cent was declared on the Preferred Stock of this Company, payable April 1st, 1942, to Stockholders of record at the close of business March 16th, 1942. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

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

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

5% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.25 per share, payable April 1, 1942 to holders of record at the close of business March 17, 1942.

7% CUMULATIVE SERIES PRIOR PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1942 to holders of record at the close of business March 17, 1942.

7% SECOND PREFERRED STOCK

The regular quarterly dividend for the current quarter of $1.75 per share, payable April 1, 1942 to holders of record at the close of business March 17, 1942.

COMMON STOCK

A dividend of 50¢ per share, payable March 31, 1942 to holders of record at the close of business March 17, 1942.

JOHN A. LARKIN,
Vice-Pres. & Sec'y.
February 25, 1942

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.—**Franklyn D. Webb** has become associated with **Irwin S. Spellman Co.**, 25 Broad Street, where he will specialize in railroad issues. In the past Mr. Webb has become associated with Townsend, Graff & Naumburg.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Charles H. Lawrence, 3rd,** and **Philip F. Hogan** have become connected with **Preston, Moss & Co.,** 24 Federal Street. Mr. Lawrence was previously with Hayden, Stone & Co.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Edmund J. Burke** has become connected with **Edward Herlihy & Co.,** 53 State St. In the past Mr. Burke was with H. M. Jenness & Co., Inc.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Arnold J. Muth** has been added to the staff of **Trust Funds, Inc.,** 89 Broad Street.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Frank C. Harmon** and **E. J. Milne** have joined the staff of **Conrad, Bruce & Co.,** 530 West Sixth St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Adam Hemmes** and **Ezra Albert Stewart** have become associated with **Fairman & Co.,** 650 South Spring St. Mr. Hemmes was formerly with Fox, Castera & Co., Schramm, Edels & Co., and in the past was manager of the trading department for the Metropolitan Securities Co. Mr. Stewart was with Reagan, Carr & Gaze.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**Clayton O. Lichtenstein** has become affiliated with **J. S. Bache & Co.,** Chamber of Commerce Building. Mr. Lichtenstein was formerly with Merill Lynch, Pierce, Fenner & Beane and Fenner & Beane for many years; prior thereto he was with Clark, Childs & Keech.

(Special to The Financial Chronicle)

PORTLAND, ME.—**William M. MacLeod,** previously with Williams & Southgate, is now associated with Graham, Parsons & Co., 10 Post Office Square, Boston, Mass.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**John A. Ferguson,** formerly in the Retail Department of Jay Gittelsohn & Co., is now affiliated with J. Barth & Co., 482 California St.

(Special to The Financial Chronicle)

SEATTLE, WASH.—**Robert L. Sheppard** has become associated with **Grande & Co., Inc.,** Hoge Building. Mr. Sheppard was formerly for a number of years with Ferris & Hardgrove and prior thereto was an associate of Earl F. Townsend Co.

UGI

The current quarterly dividend of $1.25 a share on $5 Dividend Preferred Stock and a **dividend of 15 cents** a share on Common Stock have been declared, payable March 31, 1942, to respective holders of record February 27, 1942.

THE UNITED GAS IMPROVEMENT CO.
I. W. MORRIS Treasurer
January 27, 1942 Philadelphia, Pa.

INTERNATIONAL SALT COMPANY
475 Fifth Avenue, New York, N. Y.

A dividend of FIFTY CENTS a share has been declared on the capital stock of this Company, payable April 1, 1942, to stockholders of record at the close of business on March 16, 1942. The stock transfer books of the Company will not be closed.

HERVEY J. OSBORN, Secretary.

Wilson In Bond Dept. Of Newburger, Loeb

Newburger, Loeb & Co., 40 Wall Street, New York City, members New York Stock Exchange and other leading exchanges, announce that Alfred G. Wilson is now associated with them in their municipal bond department. Mr. Wilson was formerly manager of the New York municipal department for Gremmel & Co. and prior thereto he was with Schlater, Noyes & Gardner and was manager of the municipal bond department for Bennett Brothers & Johnson.

RR Earnings High

Strauss Bros., 32 Broadway, New York City, have just issued a most interesting bulletin entitled "Railroads to Maintain High Earnings," copies of which may be had from the firm upon request. The Bulletin contains many interesting facts which should be of assistance in retailing railroad bonds.

DALLAS

DETROIT

NEWARK

ST. LOUIS

SALT LAKE CITY

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. It is understood, according to L. H. Rothchild & Co., that hearings on Seaboard will start in New York on March 3rd.

Tomorrow's Markets Walter Whyte Says—

Big news of the week was President's speech; status of India; Anglo-American trade alliance. Market still indicates slightly higher prices. Raise stops on present holdings.

By WALTER WHYTE

It seems that one week is hardly finished before another one rolls around. If only the market moved as fast as the week, I might have some new advice to offer. But the market, being what it is, there is little to add in the line of what to buy, sell or anything else.

* * *

As this is being written, the popular averages, as if to confound everybody, after making new lows last week, stopped going down and went up. True, this business of "going up" was not spectacular. Still, the lack of pyrotechnics doesn't detract from the comfort one gets in seeing prices up from the lows of last week.

* * *

The week just passed, has brought a number of important news developments. There was the President's speech, the decision of the British to give India either home or Dominion status, the Russian victory, and last but by no means least, the freer trade pact signed by us and the British. The last has important implications. Unfortunately they cannot be realized until after the war. Anyway, its market significance can't be gauged until the last shot is fired. And as that is still some time off there is little point in discussing it now.

* * *

About the President's speech you know as much about it as this column. It was a good speech, and if it served no other purpose, it may stop the whispers we all hear.

* * *

The ironical part of these whispers and rumors is, that they seem to come from people, including legislative leaders, who before Pearl Harbor were busy telling us that there was nothing to worry about. Today these men are busy telling us how the war is to be fought.

* * *

The news that India is to get colonial independence, though still in the discussion stage, is big news. If it isn't too late, India may still fight on the side of the United Nations. If you don't think that is a revolutionary departure in British colonial policy, remember that in Malaya it was the Imperial troops who fought the Japs. The native Malayans were not permitted to have arms.

* * *

One of the chief reasons why General MacArthur has been able to make the splendid stand that he has, was because Filipinos had been organized into an army years ago. They have been encouraged to fight, not for the white man, but for themselves. A condition which the British have until now refused to permit.

* * *

With India armed and fighting on the side of the Allies, the situation may well prove the turning point in the whole war.

* * *

Of course, none of this can be reflected marketwise for some time. Still, it's important to see it happen, for it certainly has, or will have, an effect on the basic market and economic trend.

* * *

Meanwhile the current market gives little clue to the next important move, though for minor trends the outlook is for slightly higher prices. But in no case do these indications show more than another two or three points addition to recent gains. I may be wrong. I have been wrong before, but I think that before we are many days older,

(Continued on Page 844)

SEC Simplifies Filings

To simplify further the filing of stabilizing reports, the Securities and Exchange Commission adopted an amendment to Rule X-17A-2 under the Securities Exchange Act of 1934, eliminating the necessity of filing reports in triplicate and making it unnecessary, in most cases, for a stabilizer to file a report for any day on which his transactions are confined to retail sales of the offered security at the fixed public offering price. Certain other minor changes were made in the rule for clarification. The instructions for Form X-17A-1 were also revised to conform to the amendment to the rule.

RAILROAD SECURITIES

Since the Circuit Court decision upholding the Chicago & North Western reorganization plan, handed down Feb. 9, there has been a sharp increase in speculative interest in the entire reorganization railroad group. This section of the list had been under a cloud since Dec. 4 when an adverse decision by the same court in the "St Paul" case had cast doubts on the whole reorganization picture under Section 77 of the Bankruptcy Act. Speculators and investors began to raise the question of whether the "St. Paul" decision might not foredoom all other pending proceedings to a further period of interminable delay. Thereafter, buying became highly selective, based largely on earnings trends and interest potentialities rather than on hopes of favorable reorganization progress. The "North Western" decision has resulted in a broadening of interest, and a renewed combing of the list for an appraisal of reorganization timing.

Aside from "North Western," which was the direct beneficiary of the most recent Circuit Court decision and where the new "when-issued" securities have attracted a large speculative following throughout the country, there has been increased buying of such securities as "Rock Island," Denver & Rio Grande Western and Seaboard Air Line. In particular, it has been pointed out that "Rock Island" may be next of the pending cases to reach the status of "when-issued" trading in new securities. Delay by the District Court in handing down a decision is being interpreted bullishly, and it is considered that the "North Western" decision lessons the likelihood of rejection of the "Rock Island" plan by the lower court.

It will be remembered that in the "St. Paul" case the Circuit Court of Appeals held that the failure of the Interstate Commerce Commission to make specific findings of value made it impossible to arrive at any judicial conclusions as to the fairness of the treatment proposed for various creditor groups. Following this decision, the lower court sitting in the "Rock Island" case requested interested parties to file statements by Dec. 31, showing cause why the "Rock Island" reorganization should not be remanded on similar grounds. It was then proposed that the issue might be met, and the delays incident to a return of the whole proceedings to the ICC might be avoided, if the Commission could file a supplementary report embodying the necessary valuation data. Since then nothing has transpired although almost two months has passed. Now that the higher court has given its approval to the "North Western" reorganization, even in the absence of full valuation data, it is believed in many quarters that the case for approving the "Rock Island" reorganization has been strengthened immeasurably.

Whether this will prove wishful thinking remains to be seen. One thing does seem apparent, however, and that is that the "North Western" decision, while wholly constructive to the reorganization picture, may not be accepted as a final answer to all of the legal problems. There is little question but that the decision will be appealed to the Supreme Court and it is hoped that that tribunal will consent to review it. Such a review would probably delay actual delivery of new "North Western" securities until the second quarter of 1943, but, in conjunction with a review of the "St. Paul" decision, would finally set up a precedent to guide all other reorganizations under Section 77 of the Bankruptcy Act. Some such clarification is vitally necessary.

There appear to be some discrepancies in the "St. Paul" and "North Western" decisions even though both were handed down by the same court and the opinions written by the same judge. For one thing, in the "St. Paul" decision, reorganization rules laid down by the Supreme Court in the Consolidated Rock Products case were accepted as a precedent. Nevertheless, in finding the "North Western" reorganization fair and equitable, the court finds that "* * * different facts and a different law, under which the reorganization of railroads is authorized, distinguish this case from the Consolidated Rock Products case." The "North Western" decision upheld the reorganization plan mainly on the basis that it had the overwhelming support of security holders voting in all but one class which represented a small divisional lien. While such action may be in accord with the aims of Congress in setting up the bankruptcy procedure, it seems to conflict with the earlier stand of the Circuit Court of Appeals in the "St. Paul" case. In the latter instance it restrained security holders from voting on the terms of the reorganization plan because the plan was being appealed. The whole speculative community will be easier in its mind, and the whole reorganization process will be speeded up when such apparent inconsistencies are finally resolved.

Meanwhile, a watchful eye is being kept on the "Rio Grande" and "New Haven" proceedings, both of which were turned back to the Commission by lower courts. The new "Rio Grande" plan is expected shortly while hearings on the "New Haven" plan were just completed and briefs called for by April 20. It is also hoped that the long awaited Wisconsin Central and Seaboard Air Line reorganizations may be brought out this spring or early summer.

Penington Dead

PHILADELPHIA, PA.—Albin G. Penington, senior partner in Penington, Colket and Wisner, died at the age of 67, at his home in Radnor, Pa. A member of the Philadelphia Stock Exchange, he founded the firm, now Penington, Colket & Wisner, in 1896.

Ralph Moberly Joins Edward D. Jones Co.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—Ralph Moberly has become associated with Edward D. Jones & Co., Boatmen's Bank Building, members of the New York, St. Louis and Chicago Stock Exchanges.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for Jan. 1, 1939, to date: High—36⅝, low—14¾, last—36¼.

Forms Soucy & Co.

BOSTON, MASS.—Ernest W. Soucy has formed Soucy & Co., a sole proprietorship, with offices at 80 Federal Street, to conduct a general investment business. Mr. Soucy, a member of the Detroit Stock Exchange, and associate member of the New York Curb, was a member of the dissolved partnership of Soucy & Co.

Bank and Insurance Stocks

Dealers are frequently faced with the question of whether or not to classify bank stocks as "war equities"—that is, stocks which will participate directly in Defense volume.

Although the "pegging" of money rates at artifically low levels by the Government creates the impression that bank stocks are "war orphans," ceilings generally on prices, restrictions on availability of materials and limitation of profits on Government contracts, indicate that industrials face as much, possibly more, regimentation in the interests of the war effort, as the banks. In fact, various factors such as the following would indicate that under wartime conditions bank stocks are probably entitled to classification as "war equities."

First, there is the factor of essential nature of the business for the war effort. The need for turret lathes, for example, to expand capacity for manufacture of military material is concretely apparent. But of general underlying necessity are the credit facilities provided by the banks for the day to day financing of the war effort, both for Government and for private business. The rapid increase in bank loans, notes the Federal Reserve Bulletin, began shortly after the launching of the defense program in the summer of 1940 and appears to represent in considerable part demand for bank credit by producers and suppliers of war goods. A survey by the Board of Governors in April, 1941, showed that about 40% of the increase in commercial and industrial loans at city banks from July, 1940 to April, 1941 was directly for defense purposes, and of course the rest of the loan expansion was undoubtedly indirectly stimulated by the defense program.

Despite expectation that the rapid expansion in commercial loans would soon come to a halt in 1942, latest New York figures show commercial loans of $2,710,-000,000, representing $111,000,000 expansion in one month to four successive new highs, and totaling $97,000,000 more than the 1941 peak reached last December. Besides the need for bank loans to cover larger payrolls and inventories, industry needs bank credit to tide cash position over payments of heavier taxes. Restrictions on civilian output and allocations of materials would tend to reduce volume of civilian loans, but thus far, this factor has not affected bank loans on balance.

Secondly, the ability to obtain large volume of business in wartime is a characteristic of a "war equity." Banks certainly qualify on this ground, for in addition to obtaining loan volume, banks appear to have available all the volume of Government securities for earning assets that they can carry. The Budget submitted in January, 1942 outlined expected deficits of $19,000,000,000 in the current fiscal year and $42,000,-000,000 in the 1943 fiscal year.

Despite new taxes of $7,000,-000,000 for 1943 fiscal year, the estimated increase in gross direct Federal debt would be $22,000,-000,000 in the current fiscal year and $40,000,000,000 in the 1943 fiscal year. True, all of this increase in debt would not have to be borrowed publicly—Treasury investment of trust funds are estimated at $2,000,000,000 for the 1942 and $2,800,000,000 for the 1943 fiscal year, while increased Social Security intake will be $2,-000,000,000 for 1943, and sale of non-marketable issues, such as savings bonds and tax anticipation notes, would further reduce open market financing. Even so, it appears likely that about $20,000,-000,000 of the 1943 deficit may have to be raised through commercial banks, compared to Dec. 31, 1941 holdings of $21,800,000,-000.

A doubled volume available in Government securities for one year alone certainly would compare with volume outlook of "war industrials." At the least, it would justify ranking banks with those companies having no difficulty under wartime conditions of obtaining all the volume they want.

Thirdly, "selling prices" or rates on this volume are of course low for banks, but the important point is the *spread* between gross and net, rather than gross alone. For 1940, leading New York City banks had an operating ratio of 66c. for every dollar of gross (slightly higher for 1941), which is much better than some industrials are able to show.

Fourthly, banks have a basic advantage over industrials in costs. Interest cost of the "raw material" of banks—deposits—is permanently set by law at very low levels—no interest is permitted at all on demand deposits, and interest on time deposits is restricted to specified maximums by the Board of Governors. Banks have no problem of stocking up on scarce raw material, as they have a plentiful supply of deposits and the Government would see to it that banks have plentiful excess reserves with which to help war financing. There are no problems of priorities. The labor factor in the "finished product" is not subject to unsettling strikes.

Fifthly, the problem of whether to expand capacity to handle increased wartime business but not be over-expanded for post-war volume does not affect the banks, whose "capacity" in the form of available excess reserves is very flexible and readily adjustable to actual needs, and does not represent tying up of capital in fixed assets.

Sixthly, in the matter of taxes, all business would be affected in the event of higher taxes, especially a blanket "recapture" tax of earnings over a specified return on invested capital. Banks, however, by reason of their large invested capital would fare relatively better under such a recapture tax, and their large invested capital also enables them to fare relatively well on excess profits taxes.

Finally, a basic advantage of banks is their diversification of sources of earnings, which makes for greater stability of earning power. Once the desired point of increased capacity is reached, for example, machine tool manufacturers will begin to experience reduction in volume ahead of general business. The Government, on the other hand, will remain a very steady and substantial borrowing customer for the banks, and business loans are well diversified as to industries.

To conclude, therefore, the discrimination against bank stocks by some investors in favor of industrials might perhaps be fully justified on a speculative basis in an unregimented economy, permitting large industrial profits and liberal dividends. However, under present wartime regimentation of prices, materials and profits, this speculative appeal of industrials is seriously affected, especially in the event of a heavy recapture tax. Under such conditions, less spectacular earners such as the banks, which possess qualifications as above for ranking as "war equities," would justify more consideration by investors.

Federal Reserve Board Reports Industrial Activity Up Further In January

Industrial activity rose further in January and the first half of February, reflecting continued sharp advances in output of military products, the Board of Governors of the Federal Reserve System reported on Feb. 21, in its monthly summary of general business and financial conditions in the United States. Retail trade was unusually active and prices, particularly of unregulated commodities, advanced, the Board's summary points out, it adds:

Production

Volume of industrial production increased in January, although usually there is some decline at this season, and the Board's adjusted index rose further to 170% of the 1935-39 average. Continued rapid increases in activity were reported in the machinery and armament industries and production of chemicals likewise rose sharply. Activity at cotton textile mills reached a new high level, following some decline in December. In the meatpacking industry, where activity had risen to record levels in December, there was a further advance in January and output of most other manufactured food products was maintained in large volume for this time of year.

Production of steel and nonferrous metals continued near capacity in January and lumber production, which usually declines at this season, was sustained. In the automobile industry output of passenger cars and light trucks continued at about the December rate; in February, however, production of cars and trucks for civilian use was halted and the plants were shut down for conversion to armament production. Coal production increased in January, following a decline in December when demand was curtailed somewhat by unusually warm weather, and output of crude petroleum was maintained at record levels.

Value of construction contracts awarded in January was some two-fifths below the level of the last quarter of 1941, according to figures of the F. W. Dodge Corp. Declines were reported in all classes of construction; the decrease in residential building being usual at this season.

Total awards in January were slightly larger than last year, but public projects accounted for a much larger proportion of the total than a year ago.

Distribution

In January retail trade was stimulated considerably by widespread anticipatory buying of many products resulting from announcements that distribution of new tires and tubes, new automobiles, and sugar would henceforth be rationed and that the amount of materials available for use in various other goods would be restricted. Sales at department stores, variety stores, and general merchandise stores declined much less than is usual after the Christmas season, while sales of tires and tubes were restricted to essential uses and sales of automobiles seased pending the establishment of a rationing system. In the first half of February department store sales decreased somewhat from the high level reached in mid-January.

Total carloadings of revenue freight, which usually decline in January, showed little change this year and the Board's seasonally adjusted index advanced from 137 to 140% of the 1935-39 average. Loadings of grain and forest products rose to unusually high levels for this time of year and coal shipments also increased, following a decline in December. Shipments of miscellaneous freight, which include most manufactured products, declined less than seasonally.

Commodity Prices

Prices of commodities and services continued to advance sharply in January and the first half of February. The Emergency Price Control Act of 1942 became a law on Jan. 30 and former Federal maximum price schedules—approximately 100 in number—remained in effect under its terms. About one-half of these schedules were issued following the United States' entry into the war. In this period, price controls were extended to a number of finished consumers' goods and covered mainly items for which output for civilian use had been sharply curtailed or prohibited by Federal order. Retail prices of foods and textile products, which are not subject to direct control, showed exceptionally large increases from Dec. 15 to Jan. 15 and, according to preliminary indications, have continued to advance since that time.

Bank Credit

Since the beginning of the year loans and investments at banks in leading cities have increased, reflecting purchases of Government securities by city banks outside New York and increases in commercial loans by banks in New York. Demand deposits and currency in circulation have risen sharply. Member bank reserves have shown little change in recent weeks, and excess reserves have continued close to $3,500,000,-000.

NASD Committees And Chairmen Announced

(Continued from Page 835)

than K. Parker, Kay, Richards & Company, Chairman; Joseph Buffington, Jr., Young & Co., Inc.; Ernest O. Dorbritz, Moore, Leonard & Lynch; S. Davidson Herron, Mellon Securities Corporation; Robert C. Schmertz, Phillips, Schmertz & Co.; Philadelphia: William K. Barclay, Jr., Stein Bros. & Boyce, Vice-Chairman; John C. Bogan, Jr., Sheridan, Bogan Co.; Robert G. Rowe, Stroud & Company, Incorporated; E. C. Sayers, Smith, Barney & Co.; David S. Soliday, Hopper, Soliday & Co.

District No. 14 (Maine, Massachusetts, New Hampsire, Rhode Island, Vermont)—Lester Watson, Hayden, Stone & Co., Boston, Mass., Chairman; Alvah R. Boynton, F. S. Moseley & Co., Boston, Mass.; Ralph F. Carr, Ralph F. Carr & Co., Boston, Mass.; Albert H. Poland, Miller & George, Providence, R. I.; Roger B. Ray, Portland, Maine; Thomas A. West, Perrin, West & Winslow, Inc., Boston, Mass.; Max O. Whiting, Whiting, Weeks & Stubbs, Inc., Boston, Mass.

Committees for District No. 10 and District No. 13 were previously reported in the "Chronicle" of Jan. 29.

United States Government Security Prices

Prices of United States Government bonds declined somewhat in the first half of February, following little change during the previous month, while prices of short-term securities, which had risen in January, were steady.

Our Reporter's Report

(Continued from first page)

from a 2.71% yield basis at the start of the year to a current level of 2.77%.

Double A bonds have eased from a 2.85% basis to around a 2.92% figure, while single A bonds have experienced even less fluctuation, standing now at a 3.10% basis, against 3.08% on Dec. 31.

The BAA classification moved down from a 3.79% basis to 3.85%, but has since recovered to a 3.82% level.

Taxing Municipal Loans

Followers of municipal securities, who have been experiencing no end of confusion in consequence of the Administration move for taxation of such issues, must have found the views of Senator Prentiss Brown, of Michigan, recently expressed, reassuring.

The Senator, in a letter to Mayor Jeffries, of Detroit, expressed the conviction that it was unlikely the present Congress would enact legislation making such issues subject to tax. As head of the special committee on taxation of Government securities and salaries, he has conferred with various members of Congressional committees having charge of such proposed legislation.

So far as efforts at retroactive taxation are concerned, he quoted from a report by a special committee which had studied the subject and reported:

"We are unanimously opposed to any attempt to tax outstanding bonds of Federal, State or municipal governments, except insofar as they are taxable by their terms or under the law and practice at the time of their original issue."

Union Electric Sale Off

Scarcely unexpected was the announcement by the North American Company, late last week, that it had decided to forego the sale of 2,900,000 shares of Union Electric Company of Missouri common stock.

The proposed sale had been put forward by the big utility holding company as part of its program of divestment necessitated to meet the provisions of the "death sentence" clause of the Public Utility Holding Company Act.

But officials recognized that it would require a much better market than now prevails to assure success of this sale which carries with it control of the Missouri operating utility.

The assumption is general that other utilities, faced with similar situations, will follow the lead of North American Company, thus throwing into the indefinite future much in the way of business which had been looked upon as current prospect before Pearl Harbor.

Straw In the Wind

Absence of bids for the proposed offering of 62,000 shares of preferred stock of the Atlantic City Electric Company, indicates which way the wind is blowing.

A short while ago there were indications that at least four investment groups would be in the market for that issue.

But unsatisfactory market conditions militated against the entering of competitive bids by such syndicates before the time set by company officials had expired on Tuesday.

Pennsylvania Electric

Unless there is a last minute decision to hold up the business for a while, bankers must have their bids for Pennsylvania Electric Company's bonds and preferred stock in the hands of the company by next Monday, March 2.

In this instance the business involves a total of $32,500,000 of 30-year first mortgage bonds, due in 1972, and 34,000 shares of cumulative preferred stock of $100 par value.

Several big groups contemplated seeking these securities, via the competitive bidding route, but it remains to be seen whether, in view of general circumstances, they will go through with their tenders.

The Securities Salesman's Corner

A LETTER TO STOCKHOLDERS THAT CREATED INTEREST

A company's balance sheet is something that the majority of stockholders look at if they have nothing else to do. There are however, a small minority of people who own stocks that actually take an interest in the affairs of their company. These investors also happen to be the best informed and most succesful buyers of securities. Knowledge seems to be linked with success when it comes to investing and security purchasing.

Realizing that the best prospects any securities dealer could possibly have for potential customers, were people who could be classified as the sort of individuals who might be interested in knowing what might lie behind an annual balance sheet, a certain dealer of our acquaintance made a study of a particular company's balance sheet and built a letter around it which produced a response in interested replies that came almost entirely from the best informed and most substantial investors in the entire list of the company's stockholders.

This is how he did it. First be made a comparison of the various changes in the asset and liabilities columns for the past year and the year previous. For instance he noticed that fixed assets had increased about $500,000. He noticed an increase of cash of about $100,000 but there was also an increase in notes payable of around $400,000. Accounts payable increased another $100,000 and inventories as a compensating factor likewise were up almost $1,000,000. He noted an increase in the reserve for taxes of about $650,000 and also that the company had incurred some long term debt. Other factors of a similar nature were studied and as a result some very interesting questions as to why these changes in the company's financial situation presented themselves.

This dealer then secured a list of the company's stockholders. Then he went to the officers of the company and told them that he had been studying their balance sheet and that he would like to have the answers to certain questions in regard to the change in their financial picture which had come about during the previous year. In this manner he acquired company verification for the facts which he wished to impart later on to those stockholders who might be interested in knowing more about the current position of their company.

He next sent a letter which was written to the stockholders on a "question and answer" basis, something like the following:

Dear Mr. Doe:

You are a stockholder in the XYZ company. There have been some important changes in the company's position since last year.

The latest balance sheet shows an increase in the value of fixed assets in the amount of $500,000? Do you know why? Do you know what these assets happen to consist of?

The company states that it has borrowed on notes (an increase) of over $400,000 during the past year. Likewise a long term debt of $500,000 has been incurred. This places stockholders in a junior position regarding the assets of the company and creates a debt that hithertofore has not existed? Would you like to know why this was done?

In conclusion, the war is having a definite bearing upon the operations of many businesses. What will be the effect on your company?

We have made a study of these and certain other factors pertaining to the XYZ company. If you wish to know the answers to these questions we will be pleased to furnish you with a copy of this special report. Kindly use the reply card which is enclosed for your convenience.

Yours very truly,

The response to this letter was excellent. The type of person who answered was also worthwhile cultivating, for in most cases they represented the sort of individual that took an interest in their investments and likewise owned a fairly substantial portfolio of securities.

The salesmen who answered the replies to this letter were well acquainted with the entire background and history of the company and as a result were able to bring to many new prospective clients a very impressive collection of valuable information.

The idea presented here is interesting because we believe that this dealer was alert and creative minded. He did not wait for business to come to him—he used his statistical department to analyze a company's position—then he had enough initiative to establish a company contact to verify their conclusions—then he had his merchandising and sales department go to work and build some new clients and contacts upon the foundation of a service rendered to those who might best appreciate such valuable information.

It takes ideas to bring in business these days. It's our humble opinion that any firm that can busy itself with creative methods of getting new business is even today, too busy to worry about hard times.

Investment Trusts

Most elements in the financial field have always thought of themselves purely as part of the financial community. The recent step of the Trustees of the George Putnam Fund in opposing the sale of the Union Electric Co. of Missouri common stock by the parent holding company—the North American Company—helps crystalize a trend away from the old "financial community" attitude.

The investment companies—decried by the SEC as the despoilers of the poor—are now, in a sense, turning around and appearing as the champions of investors everywhere. In 1940 the Massachusetts Investors Trust was largely responsible for halting the proposed Atlas Corp.-Curtiss Wright merger, a consolidation which they believed would not be in the best interests of Curtiss-Wright stockholders. More recently this same investment company led the fight against the Missouri-Pacific reorganization plan—a plan which would place that railroad's securities at a decided disadvantage compared to those of other railways.

The Trustees of the George Putnam Fund have gone somewhat further in that they have opposed a step that was being taken in accordance with the general requirements of the Public Utilities Holding Company Act, as administered by the SEC. Probably most readers are familiar with the North American Company's plan to sell its holdings of Union Electric Co. common stock (North American's largest and most important investment) and use the proceeds to retire the outstanding 3½%, 3¾%, and 4% debentures.

It has long been realized that it would be unjust to existing stockholders of utility holding companies to force the sale of underlying operating properties at bargain prices. Must today's investors be penalized—by the SEC—needlessly? Haven't most of them taken a bad enough beating already?

The George Putnam Fund Trustees opposed the Union Electric Company sale because the price obtainable for the stock in current markets was obviously unfair to North American Company stockholders. They would be selling an asset returning 8 or 9% on its sale value in order to retire a debt costing only 4% at the maximum.

The stand taken by the Trustees of the George Putnam Fund is expressed in the following excerpts from their letter to the SEC:

"The Commission is undoubtedly well aware of the prevailing market situation for the common stocks of public utility operating companies. Recent weeks have seen the beginning of a somewhat similar loss of confidence in utility preferred stocks. In our opinion this situation reflects an almost complete loss of investor confidence in public utility equity securities due largely to well-founded fears that the market faces a steady stream of liquidation by holding companies and an unfriendly attitude on the part of regulatory authorities." . . .

"Are the stockholders of the North American Company receiving a fair price for their most important investment when they sell it in today's markets? Is the outlook for the public utility industry so pessimistic that a sound asset returning 8 or 9% should be sold in order to retire 3¾% bonds?

"In our opinion the question of whether or not the North American Company is receiving a fair price for its holdings of the common stock of Union Electric cannot be determined by comparing the proposed price with the price at which similar common stocks are selling in the open market. The problem goes much deeper than this. We believe that the North American stockholders are being forced, without even the right of a vote, to accept an unnecessary hardship by the sale of the company's most important holding under market conditions worse than those prevailing at the depths of the depression. We are also concerned over the effect of such a policy on utility values in general and on the ability of the industry to secure new equity money on a reasonable basis."

There has been some feeling among investment dealers against this move, because they believed that business was hard enough to get anyway and that a nice juicy offering of common stock would mean a little money in the pocket for them. That is just the attitude that has gotten the investment field where it is today. It's only human nature to judge a deal by the way it sells alone rather than in terms of building up general good will. But automobile manu-

(Continued on Page 843)

Municipal News & Notes

American highway users have contributed $12,000,000,000 in gasoline taxes since that levy was inaugurated in Oregon Feb. 25, just 23 years ago, according to a compilation by the National Highway Users Conference.

Approximately $10,000,000,000 of this total was collected by States, the conference estimated, the rest going to the Federal Government.

The conference reported in part as follows:

"For the first time since its inception, the American gasoline tax finds itself in a war economy. Revenues of the States from this levy, instead of expanding, as in the past, may contract for the duration of the war because of rationing of tires and automotive products. Conservation of tax revenues by the States is needed, and the trend toward dedication of special automotive taxes for road purposes, as now provided in the constitution of 11 States, should be speeded and expanded.

"The need for sound policies of highway finance, taxation, and administration is greater than ever, and states with large highway indebtedness should take steps to stabilize their financial position."

Pennsylvania Turnpike Toll Set At $3,204,000

Thomas J. Evans, Vice Chairman of the Pennsylvania Turnpike Commission, predicted last week the road would earn approximately $3,204,000 in its second year of operation ending next Sept. 30.

This amount, he said, would be about the same as estimated originally by traffic engineers. During its first year the toll road earned $3,000,000.

Evans acknowledged that the switch from peace to war-time industry caused a reduction in truck traffic which supplies a good percentage of the turnpike's revenue. There has been "no alarming change in passenger car travel" so far, he asserted, because the full effect of tire rationing has not been felt.

"We shall have a better conception of this type of travel by July 1," he added.

For those readers who may not be familiar with this most modern super-highway, its facilities may be better appreciated by pointing out that it runs 160 miles between Pittsburgh and Harrisburg, it is wholly free of grade and railroad crossings, cross and pedestrian traffic, stop signs and left turns, has 153 miles of four-lane divided highways, two concrete 12-foot lanes each way with a 10-foot center strip and 10-foot shoulders, and is fenced all the way. Total cost was $70,000,000. Tolls are about 1 cent a mile for passenger cars, more for trucks. Earnings are expected to pay operating costs and amortize the bonds in 15 years.

Revenue Bond Switch Suggested

According to reports, some bond men have been recommending a switch from Triborough Bridge Authority obligations into Port of New York Authority obligations in the light of automobile rationing and restrictions on manufacture of tires for ordinary civilian use. It is argued that resultant reductions in automobile travel will weigh more heavily against income of the Bridge Authority than that of the Port Authority. For one thing, it is pointed out that traffic of the Holland Tunnel and other Port Authority facilities is interstate in character, with trucks accounting for a sizable percentage of the total intake. Trucks and other commercial vehicles account for a comparatively smaller percentage of income in the case of the Bridge Authority.

Congress Against Taxing Outstanding Bonds

Sen. Prentiss M. Brown of Michigan does not think that Congress will pass legislation taxing outstanding municipal issues. This opinion carries considerable weight since Mr. Brown is one of the chief agitators for the elimination of the tax-exempt status of such securities.

Mayor Jeffries of Detroit, whose city is contemplating a large refunding operation, requesting an expression from the Michigan Senator on the subject, received this response:

"I have no hesitancy saying it is my present judgment that there is no probability that any measure will pass the present Congress subjecting the income from outstanding State and municipal bonds to taxation under the income tax law."

N. Y. Local Finance Law Considered

The New York State Legislature is expected to approve a proposed local finance law which will establish new regulations for bond issues and other municipal governmental borrowing operations.

The proposed law is "an act in relation to the financial affairs and management of municipalities, school districts and district corporations." It will affect methods of financing by bonds, bond anticipation notes, tax anticipation notes, refunding of bonds, revenue anticipation notes, and other governmental borrowing operations. The proposed law also places limitations on powers to refund bonds, and it proposes to fix a period of "probable usefulness" of the improvement covered by bond issues, so that bonds cannot run beyond that date.

Methods of private and public sales of notes, public sale of bonds, forms of notices, data for notices, and debt statements, also are included in the proposed legislation.

Involved in the proposed legislation are counties, cities, towns, school districts, villages, and special districts such as light, fire, water, and fire protection districts.

Philadelphia Effects Big Saving in Bond Refinancing

The city of Philadelphia will save at least $8,180,000 by refinancing and redeeming its first three callable bond issues ahead of time, according to the Bureau of Municipal Research.

It saved $6,911,000 last October 27 by buying in and partially refunding the first of the callable issues, $8,804,000 in 5¼% bonds issued in 1921 and not maturing until 1971 unless called.

The second batch of bonds, a $9,000,000 issue bearing 4¼% interest, was floated in 1922 and called on Feb. 16th though not due to mature for another 10 years. A $4,543,000 block of these bonds were turned in for others bearing only 2¼% and the remaining $4,457,000 were called for payment. The saving is estimated at $970,000.

The third issue, for $1,050,000 4¼% bonds, due Mar. 16, 1972, and callable at the city's option on Mar. 16, 1942, will be redeemed in its entirety. The savings on redeeming it 30 years before its due date will be about $300,000, said the bureau.

State Supervision of Local Debt Administration

Nearly all 48 states have some provision for overseeing local debt administration, though the extent of control varies from very narrow to wide scope, according to a study by Public Administration Service on state supervision of local finance.

The states are concerned chiefly with making certain bond issues are legal, passing on the form of local debt, and controlling the debt load of the local units in terms of their economic ability to pay back loans.

Some states, the study showed, supervise debts of school districts only, merely checking on the legality of bonds, while others authorize debts of nearly all municipal units, and handle the debt service—payment of interest and principal—directly. In still other states supervision applies only to local borrowing for an emergency or to municipalities in default.

In attempting to keep local government debt on an even keel, various states have either enacted statutes with rigid regulations on debt procedure and forms, including reporting and reviewing of bond issues, or have set up administrative agencies to approve, reject or reduce local bonds and notes.

Among states which check on the legality of local bond issues through laws requiring their registration are Missouri, Nebraska and Texas. Pennsylvania reviews local borrowing in its state department of internal affairs, and Oklahoma, Texas, West Virginia and Wisconsin through the attorney-general.

Many state laws prescribe retirement of bonds in detail. Often, according to the study, they specify use of one kind of bond only and set maturity schedules without regard to the life of the improvement, so that no alternative to meet local conditions is possible.

States which authorize and approve local government bond issues through administrative agencies are Michigan, Kentucky, Indiana, North Carolina and Louisiana.

Those which handle local debt service directly instead of merely supervising it include West Virginia, Kentucky and Florida. The West Virginia State Sinking Fund Commission, about 30 days before local budgets are made, certifies amounts necessary for the municipalities' debt service for the year, and on July 1 the local tax units pay this interest and principal into the fund.

The states maintaining close supervision over local debt service include North Carolina, Michigan and New Jersey. As a result of the New Jersey procedure, under which the state audits local funds, and computes and certifies to the local officials each year the amounts required for debt service, total deficits of nearly $5,000,000 in 1916 had shrunk to $22,605 by 1940, according to the study.

The study, by Dr. Wylie Kilpatrick, finance authority, points out that state provisions for local debt supervision have not been so successful when written into statutes, and suggests that state administrative review agencies, working from indexes of public credit and fiscal aid to measure capacity of communities for debt and tax loads would permit adaptation of standards to individual cases.

Nebraska Now A Public Power Empire

Five years ago, come spring, news leaked out that directors of Nebraska's three PWA - constructed hydroelectric projects were playing with the idea of buying up all the private power companies in the state and make of Nebraska one huge publicly-owned power monopoly.

Bankers who looked over the situation figured the grandiose project would take between 75 and 100 million dollars.

The general public scoffed: "They'll never do it."

But officials of the hydros kept plugging away. Stymied at every turn, it was over three years before they were able to close their first deal.

From then on the road was not so rocky. New acquisitions followed in quick succession. And now, after five years, the hydros have gobbled up all of Nebraska's larger privately-owned power companies except the biggest of all—the Nebraska Power Company of Omaha.

When an offshoot of the hydro system, the Consumers Public Power District of Nebraska, purchased the western, southern and central Nebraska properties of the Western Public Service Company recently, the public power network was spread into every county of the state except Douglas and Sarpy counties.

Minnesota Liquidating Rural Credit Department

Setting forth in definite steps the progress made in the liquidation of Minnesota's rural credit assets during the last three years, George C. Jones, conservator Rural Credit Department, has just reported to Governor Stassen that the department has effected a net reduction of $9,795,000 in its outstanding funded debt since Jan. 1, 1939, reducing it to $51,195,000 on Jan. 1, 1942.

The department has sold 3,964 farms during the three years, and now has on hand available for sale only 778, including all acquired during the three years. Fully 90% of the farms sold went to local residents who intend to use them for their homes. Sale of the remaining 778 farms will be completed by July 1, Mr. Jones said.

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. 26th (Today)

$8,673,000 Louisville Munic. Housing Comm., Ky.

These bonds are being issued to refund two outstanding issues of bonds of the above Commission.

Feb. 27th

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

Last May the county awarded 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.

$975,000 Sheffield, Ala.

These bonds were originally scheduled for sale on Feb. 12th. Most recent sale of bonds by this city took place in 1937.

March 9th

$650,000 Tarrant Co., Tex.

Last April, the county awarded an issue to a syndicate headed by the Harris Trust & Savings Bank of Chicago, whose bid topped that entered by Rauscher, Pierce & Co. of Dallas, and associates.

March 10th

$1,112,000 Lucas Co., Ohio

A small issue of bonds was awarded last June to Braun, Bosworth & Co., and Ryan, Southerland & Co., both of Toledo, jointly. Second high bid was entered by Stranahan, Harris & Co., Inc., of Toledo.

N. Y. Stock Exchange Weekly Firm Changes

George Douglass Debevoise, general partner in Struthers & Dean, New York City, will become a limited partner as of Feb. 28.

THE BOND SELECTOR

Last week we discussed the seven ratios which were selected by the Bond Portfolio Conferences of the New York State Bankers' Association as yardsticks for the measurement of relative values between various public utility bonds. This week we apply these ratios to two bonds in order to show their value in an actual analytical process.

Briefly summarized, these ratios were:

1. Fixed Charge Coverage. The minimum should be 2.75 times after income taxes.

2. Fixed Debt to Net Property. Representing "asset protection," this ratio as a maximum should be 60%.

3. Net Property to Operating Revenues. Terming this ratio, "asset production" as an indication of the revenue produced per dollar of investment, it was shown that the minimum should be 5 to 1.

4. Depreciation and Maintenance to Operating Revenues. As a measure of adequate allowances for replacement and wear and tear, a minimum of 15% should be charged annually.

5. Income Available for Fixed Charges to Par Value of Funded Debt. In order, in comparing companies with bonds of varying coupon rates, to eliminate this variable, a minimum ratio of 12% was set up.

6. Net Operating Income to Net Property. This so-called "rate of return" should not exceed 7% as a maximum.

7. Net Income to Operating Revenues. Indicating the balance of earnings after fixed charges, this ratio as a minimum should be 19%.

A comparison of two public utility mortgage bonds, using the above prescribed ratios, will tend to show the practical application of these tests. The two bonds selected are Pacific Gas & Electric 1st & Ref. 3½s, 1966, and Public Service Co. of Northern Illinois 1st 3½s, 1968. The Pacific Gas bonds sell at 107¼ to yield 3.09% and are callable at 107½ to June 1, 1945. The Public Service 3½s sell at 109¼ to yield 2.99% and are callable at 106¼ to Oct. 1, 1942—at lower prices thereafter. In the case of the Pacific Gas issue, the market price is below the current call price; in the case of the Public Service bonds, the market price is 3 points above the call price. The accompanying table applies the seven basic tests to both bonds.

In six out of the seven tests, the Pacific Gas & Electric bonds better the performance of the Public Service of Northern Illinois issue. In the first two basic ratios—fixed charge coverage and asset protection—the Pacific Gas 3½s, stand far ahead of the Public Service 3½s. Pacific Gas & Electric shows fixed charges earned 2.82 times for the 12 months ended Sept. 30, 1941, against 1.81 times for Public Service of Northern Illinois in the first nine months of 1941. Whereas funded debt of Pacific Gas represents 46.6% of net plant, compared with the allowable maximum of 60%, the ratio in the case of Public Service is 75.9%.

The maximum figure for the ratio of net property to operating revenues has been set at 5 to 1. In this test, the Public Service bonds lead with a ratio of 3.49 to 1, against 5.59 to 1 for Pacific Gas & Electric. An extremely important ratio, which, as we have seen, ties in closely with fixed charge coverage, is that of depreciation and maintenance to operating revenues. This test reveals that Pacific Gas charged 18.3% compared with 15.3% by Public Service, both having exceeded the minimum requirement of 15%.

As confirmation of the first test—fixed charge coverage, the ratio of income available for fixed charges to par value of funded debt gives Pacific Gas a figure just over the minimum of 12%, while Public Service falls far short with 8.8%. Pacific Gas & Electric earned 5.8% on net plant, against 6.4% in the case of Public Service of Northern Illinois. In the final test, the ratio of net income to gross revenues, Public Service realized only 8.8%, against the minimum requirement of 19%, while Pacific Gas shows 19.3%.

Although, as stated above, these tests are not intended to replace competent analysis, the results of the ratios applied to the Pacific Gas & Electric and Public Service of Northern Illinois 3½s, would tend to indicate that definite advantages lay in switching the latter into the Pacific Gas issue. These advantages include an appreciably better yield, a maturity shorter by two years, a bond selling near its call price instead of three points above, and—if the tests prove anything—a bond of a company with a better operating record and a sounder mortgage.

	Price	Yield	Fixed Chgs. Times Earned	*Fixed Debt to Net Prop.	*Net Prop. to Op. Revs.	*Depr. & Maint. to Op. Revs.	*Inc. Avail. for Fxd. Chgs. to Par Val. of Fd. Debt	*Net Oper. Inc. to Net Prop.	Net Inc. to Op. Rev.
Pacific Gas & Electric 1st & Ref. 3½s, 1966	107¼	3.09	‡2.82	46.6%	5.59 to 1	18.3%	12.6%	5.58%	‡19.3%
Public Service of North. Illinois 1st 3½s, 1968	109¼	2.99	¶1.81	x75.9%	x3.49 to 1	15.6%	8.8%	x6.4%	¶8.8%

*Based on December 31, 1940, balance sheet and/or income account. ‡ 12 months ended September 30, 1941. ¶ Nine months ended September 30, 1941. x Net plant account includes unstated amount of intangibles.

Growing Importance Of Secondary Distribution

(Continued from First Page)

portions of their assets in liquid form. Finally, portfolio changes by investment companies which had become intrenched by the middle 30's as substantial holders of blocks of better-known issues, involved sales of large holdings, according to the report.

British Offerings Factor

At the same time another outside development swelled the number of secondary offerings still further, the Commission study finds. The British Government, in late 1940, commenced to offer large blocks of stock in the American securities markets. The need to establish dollar balances in this country to meet the extraordinary demands of its war-time purchases led Great Britain, shortly after the outbreak of war to sequester the American securities then owned by its nationals.

"After much discussion of various methods of converting these securities into cash, J. P. Morgan & Co., was retained to assist in the liquidation of these assets," the report stated. "Acting in an agency capacity, Morgan proceeded to sell these securities through various channels, one of the most important of which was the secondary distribution technique."

Data available in the SEC findings on the volume of secondary distributions on both the New York Stock Exchange and New York Curb showed that the volume of these British operations dropped appreciably in the second and third quarters of 1941.

Since that time, there has been a growing predominance of insiders, estates and investment companies as the initial sellers of stocks involved in secondary distributions.

From the customer's point of view, the success of these secondary distributions results from the savings in commission as compared with a like purchase on the Exchange, inasmuch as a large block of stock may be obtained at a fixed price. Also, some customers find that they are being offered a type of security infrequently called to their attention, the report points out.

From the investment dealers' and brokers' angles, executives believe that salesmen and customers men make more effective sales efforts per man when the whole of a given organization is concentrating on the sale of the same issue, says the SEC. Dealers and brokers are credited with believing that customers are more likely to purchase, during the course of a secondary distribution, in the knowledge that the stock is being widely bought at the same time throughout the country.

In its release of Feb. 19 the SEC had the following to say regarding the contents of the report on secondary distributions:

The present report studies the development, nature and magnitude of the modern over-the-counter secondary distribution of exchange stocks and it appraises the secondary distribution's effects upon sellers of blocks of stock, exchange markets, members of the exchanges, and the buying public. The report is based in large part upon extensive field studies conducted by the Commission's staff and upon statistics and other material obtained from the securities exchanges and from a considerable number of brokers and dealers in various parts of the country.

The report contains an analysis of the functions of the secondary offering and of the developments during the past decade which have brought the operation to its present form. The conduct of a modern secondary distribution is described from origination to completion. Various aspects of the operations conducted in recent years also are summarized statistically, including the volume and value of the offerings, the characteristics of the stocks involved, the sources of the stock sold and the types of customers purchasing the offered stock. In addition, a statistical study is presented of the reaction of stocks in the exchange market during the course of these over-the-counter offerings.

An appendix to the report contains an account of the regulations of the exchanges and of the State and Federal Governments which affect the conduct of secondary distributions of exchange stocks. Another appendix provides statistical information on each secondary distribution effected with New York Stock Exchange approval since 1931 and on each offering done with the approval of the New York Curb Exchange since 1938.

Copies of the report may be obtained, upon request, from the Publications Unit, Securities and Exchange Commission, Washington, D. C.

SEC Applications For Broker Dealer Registry

The following applications for registration as brokers and dealers has been made with the Securities and Exchange Commission on the dates indicated:

Jan. 17, 1942—Irwin Dillingworth Odinov, 940 Remsen Ave., Brooklyn, N. Y., a sole proprietorship; H. P. Hayden & Company, 120 South La Salle St., Chicago, Ill., Herbert P. Hayden, formerly President, now sole proprietor, Fletcher Lewis and Wm. K. Jordan having withdrawn as officers.

Jan. 19, 1942—H. P. Demand and Associates, 100 North La Salle St., Chicago, Ill., Herman P. Demand, sole proprietor.

Jan. 20, 1942—George J. Moriatry, 34 Westminister Terrace, West Orange, N. J., a sole proprietorship.

Jan. 21, 1942—Adams-Fastnow Company, 215 West Seventh St., Los Angeles, Calif., Wilbur Vernon Adams and William Christian Fastnow, partners; Carl M. Trotte, 115 East 21st St., Brooklyn, N. Y., a sole proprietorship; Clyde F. Frost Co., 24 Federal St., Boston, Mass., Clyde F. Frost, sole proprietor.

Jan. 24, 1942—Robert Hawkins & Co., 10 Post Office Square, Boston, Mass., Gerard Hawkins, Jr., and officer in addition to Robert F. Hawkins, George T. Curley, W. Frederick Spence and Robert Duncan.

Jan. 26, 1942—H. A. Schlick Investment Bonds, 802 First Wisconsin National Bank Building, Milwaukee, Wis., Hugo A. Schlick, Jr., formerly an individual dealer, sole proprietor.

Jan. 27, 1942—Cameron E. Shropshire, 1223 Fair Building, Fort Worth, Texas, a sole proprietorship.

Jan. 29, 1942—R. W. Proctor & Company, 30 Broad St., New York, N. Y., Ralph W. Proctor, Harrison M. Haverbeck, formerly officers, James P. Huegel and Alexander A. Kalen, partners.

Reserve Banks Report On Business

Indications of the trend of business in the various Federal Reserve districts is reported in the following extracts which we give from the "Monthly Review" of the Federal Reserve Districts of Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas and San Francisco.

First (Boston) District

The Federal Reserve Bank of Boston, in its "Monthly Review" of Feb. 1, reports that "in New England general industrial activity during December increased over the level which prevailed during November, after allowances had been made for customary seasonal changes, and was considerably higher than in December a year ago. Most of the important industries contributed to the increase in the general level." The Bank's "Review" further states:

The sales volume of 117 department stores and apparel shops in New England during December was 13.8% higher than in December a year ago and increases were reported in each of the six New England States. The sales volume for the entire year 1941 was 16.1% higher than was reported by these concerns for the preceding year.

Total revenue freight carloadings in this district during the five-week period ending Jan. 10 were 12.1% larger than during the corresponding period a year ago and during the 52 weeks ending Dec. 27, 1941, were 17.9% over the total for the corresponding period in 1940.

The amount of raw cotton consumed by mills in New England during December was 108,423 bales, as compared with a total of 99,122 bales in November, a gain of 9.4%, and exceeding the December, 1940, consumption by 21.7%. During the year 1941, 1,260,389 bales of cotton were consumed in this district, an amount 35.6% over the total for the preceding year.

Second (New York) District

In its Feb. 1 "Monthly Review" the Federal Reserve Bank of New York says: "It appears that there was during January a continuation of recent tendencies in industrial operations. War production mounted higher, but output of non-defense industries was again held back by official limitations upon production and further diversions of material to meet war needs." It is also stated:

"Although still hampered by shortages of scrap, steel operations again held within a few percentage points of rated capacity. Incomplete figures indicate that car loadings of merchandise and miscellaneous freight fell off to a greater extent than usual in January, but that the movement of bulk freight increased somewhat. After adjustment for seasonal factors, electric power production appears to have continued upward in January."

The bank reports that in December its "seasonally adjusted index of production and trade declined to 110% of estimated long-term trend, a point below the figure for November, but eight points above that for December, 1940. During 1941 the index ranged from a low of 103 in January to a peak of 114 in August." "The behavior of the index during the last five months of the year was determined largely by fluctuations in the volume of retail trade, inasmuch as productive activity showed a gradual rising tendency," says the "Review," which further states:

During December the divergent tendencies between the output of producers' and consumers' durable goods, noted in recent months, became even more pronounced. Activity mounted higher in key war industries such as steel, aircraft, shipbuilding, and machinery, resulting in a further advance in the producers' durable goods component. On the other hand, drastic curtailment of output, especially of passenger automobiles, caused a sharp reduction in the index of production of consumers' durable goods. Output of non-durable goods in the aggregate, was not much changed between November and December.

The decline in the index of production and trade in December was due principally to the failure of retail trade in general to rise as sharply as in most other years. After adjustment for seasonal factors, sales by department stores, variety chain systems, and passenger car dealers were considerably lower than in November, although mail order house sales were well maintained. In addition, railway car loadings of bulk freight (represented in the index of primary distribution) declined considerably more than usual.

In 1941 steel production in this country was at a record high of approximately 83,000,000 net tons, as the accompanying chart indicates. Output last year was nearly 25% higher than in 1940 (the previous record), a third greater than in 1929, and two-thirds above that in 1917, the peak year for steel production during the World War. During 1941 steel mill operations averaged 97½% of capacity, as compared with 82% in 1940 and 91 % in 1917.

	1940 Dec.	1941 Oct.	1941 Nov.	1941 Dec.
Indexes of Production and Trade (100=estimated long term trend)				
Index of Production and Trade	102	108	111p	110p
Production	105	116	117p	117p
Producers' goods—total	109	128	129p	131p
Producers' durable goods	110	138	139p	144p
Producers' nondurable goods	108	118	120p	119p
Consumers' goods—total	102	103	103p	101p
Consumers' durable goods	91	95	90p	76p
Consumers' nondurable goods	105	105	107p	109p
Durable goods—total	103	125	124p	123p
Nondurable goods—total	106	111	112p	113p
Primary distribution	95	104	107p	105p
Distribution to consumer	101	94	101p	98p
Miscellaneous services	96	103	106p	107p
Cost of Living, Bureau of Labor Statistics (100=1935-39 average)	101	109	110	111
Wages Rates (100=1926 average)	116	126	127p	---
Velocity of Demand Deposits* (100=1935-39 average)				
New York City	60	69	70	64
Outside New York City	89	90	95	93

p Preliminary. *Adjusted for seasonal variation. These series have been revised and the base period changed from 1919-25=100 to 1935-39=100. Tabulations of back data available upon request.

Third (Philadelphia) District

The Federal Reserve Bank of Philadelphia, in its "Business Review" for Feb. 2, states that "war requirements and active consumer demand are sustaining industrial and trade activity at high levels." The Bank's summary goes on to say in part:

Industrial production has expanded further as orders for essential equipment and supplies continue to increase. Operations against high priority placements are absorbing an increasing proportion of capacity, and output of heavy consumers' goods is being curtailed substantially further. Civilian orders in a wide variety of lines are showing a tendency to decline, owing to difficulties of getting delivery. Freight shipments have been heavy. Buying at wholesale is fairly active, and consumer demand at retail stores is strong.

Factory operations in this District increased further from November to December when there is ordinarily some decline; gains were reported in both durable and non-durable lines. The output of crude oil and electric power also expanded and production of bituminous coal increased, contrary to seasonal expectations. Operations at anthracite mines declined in the month, reflecting heavy buying earlier in the year.

Fourth (Cleveland) District

The Federal Reserve Bank of Cleveland, in its Jan. 31 "Monthly Business Review" reports that:

Total demand for industrial help has been increasing, and surveys indicate that it will be even greater as time passes and new plant facilities are completed, enlarged, or converted. Employment in principal fourth district manufacturing centers continued at very high levels in December and early January, even in those cities where the principal activity formerly was the production of automobile parts or mechanical refrigerators and other household equipment. Operations in industries contributing directly or indirectly to the war effort were expanded somewhat further to new peaks, and working forces were augmented.

Fifth (Richmond) District

Trade and industry in the Fifth Federal Reserve district during 1941 continued at an accelerated rate over the near record levels attained in the second half of 1940, it is indicated in the Federal Reserve Bank of Richmond's "Monthly Review" of Jan. 31. The bulletin goes on to say:

New records were set in several lines. In industry, practically all plants in every line of work ran full time, and many went on a multiple shift basis. Cotton textile mills consumed more cotton than in any earlier year, and were so fully engaged on defense orders that much civilian business had to be declined. Rayon yarn mills operated at capacity during all of 1941, but could not meet all demands for rayon after the Government impounded raw silk stocks. Shipyards in the district employed every trained workman they could obtain, and used every available shipway in the yards.

Sixth (Atlanta) District

The following regarding business conditions in the Sixth Federal Reserve District is from the Jan. 31 "Monthly Review" of the Federal Reserve Bank of Atlanta:

In December department store sales in the Sixth District increased less than seasonally but, nevertheless, established a new high level for the month. Wholesale trade also increased contrary to the usual seasonal trend. Life insurance sales recorded a substantial gain, construction contracts were awarded in larger volume, and pig iron production increased. Textile activity declined somewhat from the record November level, and residential contracts were lower.

Seventh (Chicago) District

In its Feb. 17 review of "Business Conditions," the Federal Reserve Bank of Chicago reports that "the change in the business situation in the Seventh Federal Reserve District following the declaration of war has been one of intensity rather than direction of movement as the shift to a wartime economy had been going on in some industries and had been prepared for in others. Business continued upward despite allocations of critical materials and the transition to war production. January will be remembered as the month when scare buying pushed department store sales to a peak for that month, brought about plans for rationing of certain food products, and witnessed the stoppage of civilian production in one of the District's greatest industries, the building of automobiles." The review added:

Production quotas for certain civilian goods were revised downward, as the need for critical materials became more acute. This situation applied particularly to those industries using metals in the fabrication of civilian goods. The producers of basic materials such as coal, oil, and steel operated at capacity levels.

The urgent need for bituminous coal lifted production in the Illinois, Indiana, Iowa, Michigan area to approximately 8,000,000 net tons during December. This tonnage was second only to the March record of 8,500,000 tons.

The daily average of crude oil production in the District for the four weeks ending Dec. 27 was 465,750 barrels, an increase of 17% over the corresponding period of 1940. During the four weeks ended Jan. 24 of this year, the daily average was 439,350 barrels, an increase of 14% over the same period a year ago.

Variations in the steel ingot rate ranged from 101 to 103%. On the basis of annual productive capacity, the estimated January production was 1,300,000 net tons, or about 20% of the total for the nation.

Eighth (St. Louis) District

The Federal Reserve Bank of St. Louis reports that "industry and trade in the Eighth District held at very high levels during December and early January. The gain in volume of trade in December was more than seasonal. In past years industrial activity has dropped somewhat in the holiday period, but this year it was maintained at close to capacity in most lines. Such declines as were evidenced were due primarily to shortages of materials." The Bank's "Review" for Dec. 30 further said:

Output of bituminous coal at mines in this area in December increased 4% over November and was 8% over December, 1940. Production during 1941 was 8% greater than the previous year. Steel ingot production at mills in the district was curtailed in December due to repairs and scrap shortages. Further decline may be evidenced in the future as scrap supplies dwindle. December consumption of electricity by industrial users was 2% above November and 15% more than a year ago.

Ninth (Minneapolis) District

The Federal Reserve Bank of Minneapolis has the following to report in part in its Jan. 28 "Monthly Review":

Northwest business volume during December was larger than in November and reached the highest December level on record. Member bank deposits expanded further to new record levels. Member bank loans to customers reached the highest total since 1929. Cash farm income for 1941 was the highest since World War I. December cash farm income from hogs was more than double December 1940.

Tenth (Kansas City) District

With regard to business in the Tenth Federal Reserve District, we quote the following from the Kansas City Reserve Bank "Monthly Review" of Jan. 30:

Wholesale and retail trade was unusually active in the early weeks of January.

Near the end of 1941 many production figures were running at a higher rate than they had averaged for the year. This was particularly true of flour and crude petroleum production and the slaughter of livestock. It was also true of the marketing of grain and livestock.

Check transactions are very large and bank loans in December were 37% above a year earlier. The gain in bank investments is relatively much less than that of loans. Demand deposits are rising. Life insurance sales were very large in December. Prices of grain and livestock rose sharply following the outbreak of war in the Pacific.

Eleventh (Dallas) District

According to the Dallas Federal Reserve Bank, "development in business and industry in the Eleventh (Dallas) Federal Reserve District during December and the first half of January reflected readjustments to new conditions created by the outbreak of war. Some business and industrial establishments have been adversely affected through the curtailment of supplies, but most of the establishments directly or indirectly associated with the production or handling of war materials have either accelerated operations or are rearranging facilities for their most effective use in the war effort." The Bank also reports as follows in its "Monthly Business Review" of Feb. 1.

Production of crude petroleum and of refined products rose to new peaks in December and a further gain in the output of crude oil is indicated for January as a result of increased production allowables. Operations at cotton textile mills were maintained at a high level with some mills increasing output through a longer work week. The value of construction contracts awarded, which had been exceptionally large during the fall, declined sharply in December, reflecting a temporary lull in the awarding of Government contracts and the curtailment of non-essential building. Department store sales increased by less than the usual amount in December, but were substantially higher than in the corresponding month of 1940.

Twelfth (San Francisco) District

The Federal Reserve Bank of San Francisco, in its "Business Conditions" of Feb. 3, states that "a review of economic developments in the Twelfth Federal Reserve District during 1941 reveals marked expansion in all sectors of the economy to levels substantially above anything attained in the past." The bank's summary further states:

Gains during the year were traceable primarily to the defense and war programs, but these programs did more than raise levels of production, building, employment, urban and farm income, and retail trade. Under their impetus, the framework of the Twelfth District economy has been materially altered. Its central supports now include large aircraft, shipbuilding and metals industries. These programs also made imperative, in the district and in the country as a whole, increasing Government direction of economic activity, particularly of a character to promote the diversion of materials and facilities to essential military purposes.

Vast expansion in aircraft, shipbuilding, and metals producing facilities and in output of these items continued unabated through the year-end. Production in older established major industries of the district, including lumbering and mining and smelting of non-ferrous metals also expanded in 1941, but the gains were relatively much smaller. Necessary restrictions upon the output and distribution of various durable consumers goods checked output late in the year in a number of lines such as automobile assembling, tire manufacturing, and some types of metal working. Aggregate industrial activity continued to increase throughout the year, however, since industries affected were not of primary importance in the area and because of the sharp and continuous expansion in defense industries.

Investment Trusts

(Continued from Page 839)

facturers learned long ago that they not only had to build a product that would sell—but they had to build a product that would stay sold. Some investment men have merely tried to sell their personalities and make them stay sold, and then haven't worried too much about their products.

The stand taken by the Trustees of the George Putnam Fund looks far beyond the mere question of justice at the moment; it is a step calculated to help bring back the public confidence in the investment business, which confidence short-sighted self-interest, greatly exaggerated by adverse publicity and propaganda, destroyed long ago.

Investment Company Briefs

"By and large, leading mutual investment companies provided their shareholders with creditable results during turbulent 1941. A compilation of the net asset value performance of 12 such companies for 1941 has been completed and published by Standard & Poor's Corporation. The 1941 average 'decline in portfolio values for the group' amounted to 8.8%, or less than half of the 17.9% decline in the Standard & Poor's index of 90 stocks in the same period.

"This record is particularly noteworthy since it is the second year in a row when the average performance of a group of leading mutual companies has been materially better than the action of a well-known stock market average. In 1940, according to a Standard Statistics compilation, the average decline for the group was 9.7%, by contrast with a 15.4% in the case of the 90 stock index."—Calvin Bullock's *Bulletin*.

Selling trust shares is a profitable business. And under that title, National Securities & Research Corp. has issued an interesting leaflet telling why. Briefly, because they are readily saleable to a sufficient number of investors to justify the time and effort involved in offering them. "Billions of dollars of trust shares have been sold and millions are being bought monthly . . . to the 'average' investor who does not have sufficient capital to command ample diversification . . . this is a large market to which trust shares can render a real service."

A per centage of profit considerably greater than on any security of equal grade amply compensates for the extra time required to sell through personal contact. The chances are better than with individual issues that the security will prove a satisfactory investment because diversification removes the risk of unusual loss.

"U. S. National Income (dividends, interest, salaries, wages and profits), is higher today than at any time in our history. The urgent demands of war—quantity and speed—have broadened employment to record proportions. As contrasted to the previous record year of 1929, when national income was $78,000,000,000, 1941 income was $84,000,000,000 and 1942 is estimated by the National Resources Planning Board at $92,000,000,000. Their projection of income in 1943 reaches $100,000,000,000 and in 1944, $105,000,000,000.

"Simultaneously there has been a sharp curtailment of available durable and non-durable consumer goods. Houses, cars, refrigerators and furniture—usually the principal items of heavy family expenditures in periods of prosperity—are sharply curtailed. Other restrictions appear inevitable. There will be more and more money with which to buy things—and fewer and fewer things to buy. From these facts it is evident a tremendous surplus of mass purchasing power is being built up.

"Money will not remain idle—it never has. Paradoxically, the price-earnings ratio and current returns available in various classes of listed securities are still among the most favorable of recent years."—*Keynotes*, The Keystone Corporation of Boston.

A bang-up summary of a bang-up comprehensive analysis of the investment outlook by Philip W. K. Sweet, President of Investors Management Company, was presented in the Feb. 16 issue of Hugh W. Long and Co.'s *New York Letter*. The concluding forecast:

"Despite blunders and bad news, although 'nothing under the sun' is impossible, this forecast disregards the hypothesis of our losing this war, taking a first licking. And this is predicted—lows registered in the first quarter followed by a rising trend

1. because increasingly better war news is expected later on in the year
2. because business leadership is taking hold of war controls and production
3. because the market is strong technically in its sold-out, well margined status
4. because of the extreme cheapness of stocks and their exceptional income yields
5. because of the pressure of inflation if and when hoarders turn into spenders."

American Business Shares "News Letter," a newcomer to the trust literature field promises to present many new slants on old problems as well as brand new ideas—all the product of an original mind. The new publication which will appear twice monthly rounds out the various Lord, Abbett & Co. publications: "Background," "The Union Dealer" and "Abstracts."

"We all know the big difference between stars and comets," says the "News Letter." "A star is steady, enduring. It 'does its business' day after day. A comet, on the other hand, is brilliant flashy, . . . for a time.

"And the connection between stars and comets and securities is this: in the long run steadiness, determination and constant effort will out-live the infrequent comet.

"Does the average investor look at his investment matters this way? Does he think in terms of steady, perhaps "unflashy," work with his portfolio, as contrasted with spasmodic major readjustments interspersed with long periods of inattention?

"Naturally no investor can give *daily* attention (in the literal sense of the word) to his securities. But most investors could give *more frequent* attention."

von Thelen A Partner

CHARLOTTESVILLE, VA.—Alexander J. von Thelen has been admitted to partnership in C. F. Cassell & Co., 112 Second Street, N. E. Mr. von Thelen has been with the firm as manager of the stock department.

R. C. Sours has joined the firm's sales organizations.

Detroit Bowling Returns

DETROIT, MICH.—The Broker's Bowling League of Detroit announces keen rivalry between the six teams competing for first place in the League's contest. Tied for high place are the Allman, Everham & Co. team and the Triple A's; the Blue Chips, Baker, Simonds & Co. No. 1 and Baker, Simonds & Co. No. 2 are tied for second place, with the Bulls and Bears trailing.

Individual High Single score is held by Charles J. Boigegrain of Strauss Securities Company; second individual high single by P. Hastings, Baker-Simonds & Co.; individual high three games by Mr. Boigegrain, with Mr. Hastings second; team high single is held by the Triple A's, with Baker, Simonds & Co. No. 1 second; team high three games is Allman, Everham & Co. with the Triple A's second.

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.

WPB Orders Radio Plants Converted To War Output

The radio manufacturing industry was warned on Feb. 13 that it will be expected to convert its facilities to the production of war products within the next four months. This virtual order was given to a meeting of representatives of 55 radio set manufacturers in Washington by R. R. Guthrie, head of the War Production Board's Bureau of Industry Branches. While no exact date was set for the conversion to war products, Mr. Guthrie told the manufacturers that if within three or four months conversion is not accomplished steps will then be taken "to break down the organization of the unconverted plants and shift their labor and equipment to other parts of the economy where they could be mobilized for war production."

The WPB ordered on Jan. 25 that the civilian output of the radio industry be curtailed during the next three months to 60% of the average monthly output in the first nine months of 1941. It is expected that when this order expires production for civilian use will be entirely curtailed.

It is stated that the radio manufacturing industry had total sales in 1940 of about $177,000,000, while in 1941 it is estimated that sales aggregated $200,000,000. In the first nine months of 1941, it produced about 10,000,000 radio sets, compared with an output of 11,800,000 sets during the entire year 1940. The industry, employing about 50,000 persons, has been requested to undertake a $2,000,000,000 military production program.

Earnings Of Federal Funds In Private Institutions

Government funds invested in the shares of savings and loan associations paid almost $3,000,000 in dividends to the Home Owners' Loan Corporation and the U. S. Treasury for the last half of 1941, James Twohy, Governor of the Federal Home Loan Bank System, announced. This payment brought to approximately $45,000,000 the cumulative dividends received on the Government's investments in these private institutions since the first investments were made late in 1933. The announcement also had the following to say:

At the end of 1941, HOLC and Treasury investments outstanding in thrift and home-financing institutions amounted to $196,450,860, as compared with their original investments of $272,559,210. The difference, amounting to $76,108,350, represents retirement of these investments by the associations over recent years. Of the investments outstanding, $21,283,800 was placed by the Treasury and $175,167,060 by the HOLC.

These investments were made under 1933 and 1934 Acts of Congress permitting the Treasury to purchase up to $50,000,000 in Federal savings and loan associations' shares and the HOLC to acquire up to $300,000,000 in shares of Federal associations and other associations belonging to the Federal Home Loan Bank System. The purpose was to enable these institutions more quickly to meet the revived demand for home loans in their communities at that time.

For the entire year of 1941, the Bank Board estimates that total dividends paid by the 3,824 member savings and loan associations of the Federal Home Loan Bank System aggregated about $120,000,000. Of this, approximately $113,800,000 went to more than 4,500,000 investors in these associations. The balance of about $6,200,000 was paid to HOLC and the Treasury.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 837)

the pessimism that declining markets engenders, will show signs of dissipating. It is at such times that I think the greatest caution is called for.

* * *

To apply this caution in a more practical manner, I suggest that the stops you have in the two stocks you hold, be raised.

* * *

You were advised to buy two stocks, American Car & Foundry, at 32, and American Steel Founders, at 20. The stops suggested at the time the purchase recommendation was made were 29 in the former, and 19 in the latter. American Car is now about 32 and Amer. Steel Founders is about 21. Their stops should now be 30½ for the Car & Foundry and 19½ for the Steel Founders.

* * *

On the upside, Car & Fdry. runs into offerings at about 33½ to 35. American Steel Founders hits its offerings from 23 to 25. It is possible that both these stocks may be able to wade through these offerings before going through the lower resistance points — possible, but not probable. If they do it, they will stay above the stops given above. If they break them, the move will be postponed.

* * *

In any case I would not hold on if either of these stocks break through on the downside.

* * *

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.]

SEC Registrations Subject To War Rules

(Continued from First Page)

the Securities Act of 1933, particularly Section 19 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors, hereby adopts the following rule:

Rule 171. Disclosure Contravening Code of Wartime Practices.

(a) The Commission, may upon its own initiative or upon application, authorize or direct the omission of specific information from any registration statement, prospectus or other document filed with the Commission or used in connection with the offering or sale of any securities, if publication of the information would, in the opinion of the Commission acting in cooperation with the United States Government Office of Censorship, contravene the Code of Wartime Practices promulgated by that office.

(b) Any issuer, underwriter or other distributor of securities may apply to the Commission for an opinion pursuant to paragraph (a). Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) In any case where information is omitted pursuant to this rule the Commission may authorize or direct the filing of such information with the Commission under separate confidential cover.

(d) Any requirement to the contrary notwithstanding, no registration statement, prospectus or other document filed with the Commission or used in connection with the offering or sale of any securities shall contain any information the omission of which the Commission shall have authorized or directed, or which the Commission shall have directed to be filed under separate confidential cover, pursuant to this rule.

II

The Securities andl Exchange Commission, acting pursuant to authority conferred upon it by the Securities Exchange Act of 1934, particularly Section 23 (a) thereof, and deeming such action necessary and appropriate in the public interest and for the protection of investors, hereby adopts the following rule:

Rule X-6. Disclosure Contravening Code of Wartime Practices.

(a) The Commission may, upon its own initiative or upon application, authorize or direct the omission of specific information from any application for registration, report, proxy statement or other document filed with the Commission or any securities exchange, if publication of the information would in the opinion of the Commission, acting in cooperation with the United States Government Office of Censorship, contravene the Code of Wartime Practices promulgated by that office.

(b) Any issuer or other person who is about to file any such document with the Commission or an exchange may apply to the Commission for an opinion pursuant to paragraph (a). Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) In any case where essential information is omitted pursuant to this rule the Commission may authorize or direct the filing of such information with the Commission under separate confidential cover.

(d) Any requirement to the contrary notwithstanding, no application for registration, report, proxy statement, or other document filed with the Commission or any securities exchange shall contain any information the omission of which the Commission shall have authorized or directed, or which the Commission shall have directed to be filed under separate confidential cover, pursuant to this rule.

III

The Securities and Exchange Commission, acting pursuant to authority conferred upon it by the Public Utility Holding Company Act of 1935, particularly Section 20 (a) thereof, and deeming such action necessary and appropriate to carry out the provisions of the Act, hereby adopts the following rule:

Rule U-105. Disclosure Contravening Code of Wartime Practices.

(a) The Commission may, upon its own initiative or upon application, authorize or direct that specific information be omitted from any notification, statement, application, declaration, report or other document filed with the Commission under the Act, and be filed under separate confidential cover if publication of the information would, in the opinion of the Commission acting in cooperation with the United States Government Office of Censorship, contravene the Code of Wartime Practices promulgated by that Office.

(b) Any person who is about to file any such document with the Commission may apply to the Commission for an opinion pursuant to paragraph (a). Applications may be made by informal letter and need contain only so much of the information in question as may be necessary in the particular case to enable the Commission to pass upon the application in regard thereto.

(c) Any requirement to the contrary notwithstanding, no notification, statement, application, declaration, report or other document filed with the Commission under the Act shall contain any information which the Commission shall have authorized or directed to be filed under separate confidential cover pursuant to this rule.

Effective Feb. 19, 1942.

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 William E. Tobias, Jr. to G. Philip Lynch will be considered on March 5, 1942.

The Exchange Governors are today considering the proposal for Carl L. Muller to act as alternate on the floor of the Exchange for William C. Ridgway, Jr. under Section 15, Article IX.

Henry Koch retired from partnership in Ralph E. Samuel & Co. on Feb. 16.

Rawson Lizars & Co., Chicago, will dissolve as of Feb. 28.

Now King, Mohr & Hendrix

MONTGOMERY, ALA. — King, Mohr & Co., First National Bank Building, announce that their firm name has been changed to King, Mohr & Hendrix. Mr. James R. Hendrix has been the firm's resident partner in Birmingham for the past three years, having been associated with them since 1935, prior to which he was with the Birmingham Trust & Savings Company.

UP-TOWN AFTER 3

PLAYS

"Heart of the City," by Lesley Storm. Presented by Gilbert Miller, at the Henry Miller Theatre, New York. Cast includes Gertrude Musgrove, Margot Graham, Beverly Roberts, Lloyd Gough, Dennis Hoey, Richard Ainley, Frances Tannehill, Bertha Belmore, Skelton Knaggs and Miriam Goldina. Staged by Mr. Miller. Settings by Harry Horner.

When the blitz of 1940 hit London all the theatres in the city closed; all but one, the Windmill, a small place on a side street, given over to revues a la Minsky, which kept grinding away, bombs or no bombs. Miss Storm, a frequent backstage visitor was, according to the program footnote, so impressed by this display of courage that she wrote a play about it. Unfortunately her good intentions don't come off. For while the situation is touching, particularly with our own emotions involved, the story is thin and soon told. One of the show girls falls in love with the wrong man; another decides to marry an RFC pilot; still another achieves her ambition in being named correspondent in a divorce action. And so it goes. Throughout the play, most of which takes place in one of the Windmill's dressing rooms, we are asked to believe that the troupe displays great courage and gallantry in the face of an all-out blitz, when the truth is early evident that the spirit of "the show must go on" is based on two reasons. The owner keeps open in the hope that the closing of the grander theatres would give him packed houses and the cast has no other place to go. "Heart of the City" is not a spectacular play and neither does it leave any lasting impressions. Still its spirit of youth and bravery has an appeal.

MOVIES

"The Courtship of Andy Hardy" (MGM). The latest one of the Andy Hardy series will prove a poser. After all how can the gregarious Mickey Rooney go around mooning for one girl after another when he's just recently left the ranks of the Benedicts. But be that as it may, "Courtship of Andy Hardy," is an amusing yarn. In this one our young hero gets himself into a jam when his new born towing business becomes a cropper with the law. In exchange for his father's help young Hardy is to take an interest in a young girl (Donna Reed), who is known as the town "droop." But as the fates, plus scenarios have it she turns out to be something special. However, Polly Benedict (you remember her) returns in time and all's well again. . . . **"Mister V,"** the Leslie Howard directed and produced picture is to modern times what the Scarlet Pimpernel was to the 1870's. Leslie Howard who was the elusive Pimpernel of the French Revolution is now the equally mysterious "Mr. V," who has the Gestapo turning handsprings. As an English professor of archeology, Mr. Howard has the run of the German countryside and he and his student assistants manage to spirit all kinds of worthy people out of the country from under the Nazi noses. It's an exciting picture and worth seeing.

RESTAURANTS AND BARS . . .

New York has all kinds of eating places from the stromberry 'n' pie coffee shoppes, traditionally Greek-owned, to the elegant French places supposedly a favorite with gourmets. But so far as I know it has only one authentic Dutch restaurant, the **Holland House Taverne,** in Rockefeller City. From its old fireplace to its jawbreaking menus the Holland House Taverne is as Dutch as its famous canals and windmills. Even the waitresses dressed in Dutch costumes seem authentic. The food, as you would expect, is excellent. Located in Rockefeller City it draws its patronage from radio and theatrical people who are employed in the neighborhood. But the night I was there I saw two Dutch sailors in uniform who seemed to know that the kind of food their country was once noted for can now be found in New York at the Holland House Taverne. . . . One of the amusing places around town is **Cerutti's,** on the east side of Madison Avenue, between 59th and 60th Streets. Despite its unprepossessing exterior the inside is done in the latest Vernon MacFarlane fashion. But decorations isn't what you want. It's what goes on under them that makes the place. Coming into the bar which for some reason has a predominantly male clientele, you pass into the main room where the paid entertainers hold forth. And hold forth is what I mean! The featured attraction is a lady called "Bricktop," who was quite the rage in the Paris of pre-Vichy. This red-haired lady sings, but the night I was there she did little. But the rest of the troupe made up for it. The Chanticleers, a quartet who double as waiters, sing often and well. Billie Haywood and Cliff Allen and Mae Barnes also do their stint nicely. But it isn't the entertainment, good as it is, that makes the places attractive, it's the informality of everything that gets you. Time and again the Chanticleers, plus the featured cast forget themselves (or maybe it's pre-arranged) and go to town with hilarious results. Jerry Kirkland, manager, seems to take it in his stride, but Frank Cerutti (who fought in the American Army in the last war and has medals, too), a slight, bald-headed, pale man, seems to be dazed by it all. **Cerutti's** is a late spot, so guide yourself accordingly.

Teeter With Drexel Co.

John H. Teeter has become associated with Drexel & Co., 14 Wall Street, New York City. Mr. Teeter was formerly with H. N. Whitney, Goadby & Co. and prior thereto was a partner in W. H. Goadby & Co.

To Be Limited Partner

NEW ORLEANS, LA.—Cornelia I. Jordan will become a limited partner in Thomas Jordan & Co., 615 Commercial Place, members of the New York Stock Exchange, on March 1.

Calendar of New Security Flotations

OFFERINGS

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, acetlyene 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. Feb. 19, 1942, company filed an amendment to its registration statement, disclosing that the 30,000 shares of its cumulative preferred stock, series A, $100 par, proposed to be offered to the public, will bear a dividend rate of 4½% per annum.

Offered Feb. 25, 1941, at $102.50 per share.

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.

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

Offered Feb. 17, 1942, at $98 per share plus divs.

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 Loouisville, 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)

SUNDAY, MARCH 15

MONSANTO CHEMICAL CO.

Monsanto Chemical Co. filed a registration statement with the SEC for 35,000 shares of $4 cumulative preferred stock, Series C, no par value

Address—1700 S. Second St., St. Louis, Mo.

Business—Company and its subsidiaries are engaged in the manufacture and sale of a widely diversified line of chemical products

Underwriting—Smith, Barney & Co., New York, is the sole underwriter

Offering—The 35,000 shares of preferred stock will be offered to the public, at a price to be supplied by later amendment

Proceeds will be added to cash funds of company, to be used for working capital and expansion purposes

Registration Statement No. 2-4949. Form A2 (2-24-42)

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.

No bids were received Feb. 24 for the issue. Groups formed to compete for the shares withdrew in the face of the general market uncertainty.

BEAR MINING AND MILLING 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 15%

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

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

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 outstanding 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 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 3¾% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

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

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

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

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

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

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

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

Amendments filed Nov. 26, Dec. 15, 1941, Jan. 2, Jan. 21 and Feb. 7, 1942 to defer effective date

INTER-MOUNTAIN TELEPHONE CO.

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

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

Business—Supplies telephone service in portions of Virginia and Tennessee

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

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

Proceeds will be received by the underwriters

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

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

Calendar of New Security Flotations

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

Registration statement withdrawn Feb. 17, 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)

Registration statement withdrawn Feb. 19, 1942.

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)

McDONNELL AIRCRAFT CORP.

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

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

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

Underwriting—None. Securities to be offered by company

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

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

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

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

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 the stock outstanding and owned by United Light & Railways Co., a subsidiary of United Light & Power Co.

PENNSYLVANIA ELECTRIC CO.

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

Address—222 Levergood St., Johnstown, Pa.

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

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

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

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

Registration Statement fully effective 4:45 p.m. E. S. War Time on Feb. 18, 1942.

PUBLIC SERVICE CO. OF INDIANA, INC.

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

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

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

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

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

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

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

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

SCHENLEY DISTILLERS CORP.

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

Address—350 Fifth Ave., New York City

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

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

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

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

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

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. A hearing has been set before the SEC for Mar. 3, 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

Offering of the shares has been indefinitely postponed.

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

UNITED GAS CORPORATION

United Gas Corp. registered $75,000,000 first mortgage and collateral trust 3¼% bonds due 1958

Address—2 Rector Street, New York City

Business—Production and sale of natural gas; part of Electric Bond and Share System

Underwriters—None

Offering Terms—Bonds will be sold to institutional investors, whose names will be supplied by amendment, at 99.34%

Proceeds—To redeem $28,850,000 United Gas Public Service 6% Debentures due 1953; to pay 6% demand note of $25,925,000 to Electric Bond and Share; to repay $2,000,000 open account debt to E. B. & S.; and to purchase from United Gas Pipe Line Co., $6,000,000 of its 1st & Coll. 4% bonds due 1961. Balance will be used in part to reimburse treasury for capital expenditures and possibly to pay accumulated dividends of $9,502,490 on companys $7 preferred stock

Registration Statement No. 2-4760, Form A-2 (5-15-41)

United Gas Corp. filed amendment with SEC on Feb. 21, 1942, stating that it had been unable to further extend the purchase agreements with 14 insurance companies covering the proposed private sale to such insurance companies of $75,000,000 of the company's first mortgage and collateral trust 3¼% bonds, due 1959. This amendment states: "These purchase agreements expired on Feb. 16, 1942. The corporation intends to continue negotiations to the end that its bonds shall be either sold privately, by renewal of the aforesaid agreements or otherwise, or offered to the public as circumstances shall dictate in order to obtain the pest possible price."

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22.800.000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5¼% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

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

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

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

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

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

Amendments to defer effective date filed Dec. 26, 1941, Jan. 10, Jan. 31 and Feb. 19, 1942.

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

Business—Company, organized in 1932 pursuant to the plan of reorganization of Cuban Dominican Sugar Corp. and certain of its subsidiaries, is solely a holding company owning the securities of 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)

N. Y. City Banks Adopt Defense Bond Plans

All the 51 commercial banks in New York County (Manhattan), estimated to have a total of 40,000 employees, have adopted voluntary payroll savings plans for the convenience of their employees in purchasing Defense Savings Bonds, Series E, out of income, it was announced on Feb. 18 by Eugene C. Donovan, President of the New York State Bankers Association. In many instances, Mr. Donovan stated, the banks have reported from 90 to 100% employee participation. Mr. Donovan also stated:

> Considering the large number of banks in the county and the amount of money represented by the aggregate of their payrolls, this action is a substantial contribution to the country's defense effort, but equally as important as the money contribution is the fact that this 100% record demonstrates an awareness on the part of these employees of the seriousness of our present national situation and of their willingness to carry part of the load.

Reporting on the association's current campaign to have every commercial bank in the State adopt voluntary payroll savings plans, Mr. Donovan said that as of Feb. 18 such banks had notified the association of the institution of payroll plans. Five counties in addition to Manhattan have reported 100% adoption by banks. They are Richmond, Chemung, Hamilton, Jefferson and Orleans.

War Victory Needs Expanded Production

America must face the fact that it can win the war only if it provides a greatly expanded production of military goods during the rest of 1942, Donald M. Nelson, Chairman of the War Production Board, told a conference of business paper editors and publishers. "Every weapon we make today is worth 10 that we might produce next year," Mr. Nelson said. "This year—1942—is the critical year in the existence of the United States. I'm not painting the picture darkly, but I do believe that we who know what American industry can do must look at the situation squarely and see what we can do to make up for lost time." Mr. Nelson continued:

> We've lost a lot of time because industry was fearful of what might happen after the war if all our productive facilities were over-expanded. Let's stop thinking about what we'll do when it's all over and start thinking about what we're going to do now to prevent it from being all over for us.
>
> We've wasted the golden months in which we could have got fully ready—the months in which we could have expanded our steel industry, our chemical industry, our copper industry, and all the others, so that we would have plenty of everything. But we still have ten silver months—the months which remain in 1942—and in them we can still do things that we never thought possible. The speed, energy, will and determination which we put into those months will determine what we'll think when those months are gone.

Getting maximum production at once, Mr. Nelson said, depends on these things:

> 1. Getting greater production out of the plants and machines which are now producing war goods. Even though the country today is producing a much greater volume of armaments than in 1918, he said, the present volume is not nearly so great as it must become.
>
> 2. Getting military production out of factories and machines which are now producing civilian goods—in other words, by conversion of industry to full war production.
>
> 3. Enlisting the services of small producers, through subcontracting and through the letting of prime contracts to groups of small manufacturers who have pooled their facilities.

Mr. Nelson further said:

> There isn't a single big producer who can't do more than he is doing now if he subcontracts part of the job. Industry itself must find the way to do that job. It must not make the mistake of relying on Government to do it, because we in Washington can't possibly do more than part of it. Industry has been lazy on this whole subject, because the job has looked pretty difficult. The day for that sort of laziness has passed.
>
> Industry's responsibility is great, in all of this. The job will take brains and initiative; but we can do it if we go out with a will, if we stop thinking about what we're going to do to the enemy in 1943 and start thinking about what we're going to do to him in February and March of 1942.
>
> This country today faces the most gigantic job any country has faced in all history. We must build a great armament program; we must make up, in less than two years, what the aggressor nations have done in ten years; we must make today the things we would be making next year if we had the time to spare.
>
> Of course we face many problems, obstacles and difficulties. We can and will solve them, if we face the job coolly and deliberately and with determination.

Views Price Control With Alarm—Tax Better

The importance of company reserves to meet present and post-war developments is stressed by Henry H. Heimann, Executive Manager of the National Association of Credit Men, in the Association's Monthly Business Review released on Feb. 16. According to Mr. Heimann "there is increased reason for reserves during this period, for loss vulnerability is growing because of the emergency-stimulated needs for greater amortization, depreciation, obsolescence and maintenance charges, and eventual necessity for restoration of facilities to pre-war types of activity." It was also stated in the Review that "peacetime opposition to excessive spending and the attendant tax burden must give way to endorsement of higher and higher taxes."

Commenting on the recently enacted Price Control Bill, and the need of combating inflation Mr. Heimann said that hand in hand with the military and naval campaigns, the United States must win both the battle of production and the battle against inflation.

Declaring that although on the home front our production campaign improves daily, Mr. Heimann added:

> Our peacetime defenses against our ancient monetary and credit enemy—ruthless inflation—have been outflanked, infiltrated, weakened.
>
> We have a mongrel Price Control Bill that is none too reassuring. Great open gaps in our price control defense line are labor and agricultural costs. We have proposed legislation to permit direct buying of government securities by our Federal Reserve system.
>
> We do not question the motive of this bill, nor doubt the determination of its sponsors to keep control. Yet we cannot escape the fact that history has revealed the danger inherent in the direct monetization of government debt by the banking system.
>
> Many unusual, portentous programs have already been adopted because of the war. Some are extraordinary, others unorthodox by peacetime standards. They are deemed essential to the prosecution of the war. We are all committed to every sound effort to win the war. Even some of the normal economic defenses may have to be replaced by, or adapted to meet new needs.

Analyzing today's credit situation, Mr. Heimann warns management against the "widespread impression that this year will witness a seller's market, since war production will expand consumer purchasing power tremendously."

Liquidate Sugar Contracts

The Board of Managers of the New York Coffee and Sugar Exchange adopted a resolution on Feb. 19 ordering that all Exchange Sugar Contracts No. 3 outstanding at the close of business on Feb. 20 shall be liquidated at the ceiling price fixed by the Federal Office of Price Administration prevailing at the close of business that day. This action, says the announcement of the Exchange, was necessary in view of the fact that the order of the War Production Board, conserving the supply and directing the distribution of raw sugar, rendered impossible the performance by delivery of Sugar Contract No. 3.

The WPB's order was reported in these columns Feb. 19, page 783.

Jan. Construction Ahead

Building and engineering contracts awarded in the 37 Eastern States during the month of January amounted to $110,846,000, according to the F. W. Dodge Corporation. This represented a moderate increase over the $305,204,000 recorded for January of last year. In dollar volume, non-residential building was up 40% from the corresponding month of 1941, residential building was down 8%, and public works and utilities construction (heavy engineering) was up 21%. The announcement added:

> While new residential building exclusive of hotel, barracks and dormitory projects, decreased 17% in dollar volume from January of last year, the decline in number of new family dwelling units contracted for was less than 2%, a lower average contract price per unit, reflecting the shift of the residential building program to low cost defense housing units.

Commenting on the January construction record, Thomas S. Holden, President of F. W. Dodge Corporation, stated: "While the contract volume for the month showed a slight increase over January of last year, it fell considerably behind the $500,000,000 average monthly volume for 1941, and also measurably behind the December, 1941 figures. Apparently this is entirely due to the fact that this year's big war construction program has as yet been only partially scheduled by the War Production Board. It is generally anticipated that this year's total construction volume will approximate that of 1941, the post-depression record year."

Vetoes Guayule Rubber Bill—Urges Revisions

President Roosevelt vetoed on Feb. 17 legislation providing for the planting of guayule and other rubber-bearing plants because it applied to the United States alone. The President recommended that the promotion of guayule cultivation, in order to make available a source of crude rubber for emergency and defense uses, be extended to include all of the American republics. He objected to limiting it to the United States on the ground that it "would contradict the spirit" of the continental solidarity resolution adopted at the recent conference at Rio de Janeiro and also because it "would seriously handicap our joint war effort."

Acting to meet the President's objection, the Senate on Feb. 19 approved a bill authorizing the planting of 75,000 acres of land to grow guayule anywhere in the Western Hemisphere. This bill is the same as the original one passed by the Senate on Jan. 15; however the House amended that measure on Feb. 5 to limit planting to the United States and the Senate concurred in the amendment on Feb. 9, thus completing legislative action on the original bill.

The President's veto message follows, in part:

> In the establishment of sources of crude rubber for emergency and defense uses it is vital that all potential rubber-producing areas in the Western Hemisphere be developed regardless of whether within or without the United States. The present bill excludes important sources and we cannot afford to neglect any opportunity to obtain maximum supplies of crude rubber.
>
> On Jan. 28, 1942, at the third meeting of the Ministers of Foreign Affairs of the American Republics in Rio de Janeiro, Brazil, there was passed unanimously by the 21 American Republics a resolution that continental solidarity be translated into positive and efficient action in the obtaining of strategic materials. Rubber, of course, is one of the most important of these materials, and this bill provides that guayule shall be a source of crude rubber for emergency and defense uses.
>
> This bill, as it was amended by the House to limit the promotion of guayule cultivation to the United States, would contradict the spirit of the resolution and seriously handicap our joint war effort.
>
> Areas in this hemisphere outside of United States, where the guayule plant is indigenous, are adapted to its cultivation and it is desirable that the provisions of this bill be extended to include those countries.
>
> In order to avoid delay, I recommend that the Congress give immediate reconsideration to the proposal and take prompt action on a bill similar to the bill in question but applicable to all the American republics.

Straus Resigns From USHA

President Roosevelt accepted on Feb. 17 with regret the resignation of Nathan Straus of New York as Administrator of the United States Housing Authority. Mr. Straus had tendered his resignation on Jan. 5, but the President deferred its acceptance. In his letter of resignation, Mr. Straus said that his continuance in the USHA office would mean "the enactment of housing legislation that will jeopardize our war effort and will blight the face of America with the scourge of new slums." He charged that "the ownership and operation of slums is still one of the largest and most profitable industries in America." Mr. Straus further stated that he had been informed on "unimpeachable authority" that unless he resigned the enemies of slum-clearance in the House would insist on provisions in the defense housing bill which would result in slums that would "blight our nation for generations to come."

In accepting the resignation, the President assured Mr. Straus of his "heartfelt appreciation of your fidelity, your industry and your efficiency." He added:

> Yours has been a most valuable contribution to one of the important reforms of our generation. You have been a trail-blazer in seeking and applying the remedy for slum-clearance. Under your enlightened leadership squalid dwellings were replaced in many communities by healthful and wholesome living accommodations.
>
> Much remains to be done, but you have shown how it can be done, and your achievements will stand as an example which communities in all parts of the country can study with profit in their efforts to solve simliar housing problems.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on Feb. 20 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated Feb. 25 and to mature May 27, 1942, which were offered on Feb. 81, were opened at the Federal Reserve Banks on Feb. 20. The following details of this issue are revealed:

Total applied for ___ $385,802,000
Total accepted ____ 150,445,000

Range for accepted bids:

High—99.950. Equivalent rate approximately 0.198%.

Low—99.929. Equivalent rate approximately 0.281%.

Average Price—99.933. Equivalent rate approximately 0.266%.

(34% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Feb. 25 in amount of $200,026,000.

Wall Street Riders Will Hold Gymkhana

The Wall Street Riding Club will hold its Sixth Annual Gymkhana at its ride headquarters, Aylward's Riding Academy, 32 West 67th Street, New York, N. Y., on Friday evening, Feb. 27th, at 9.15 p.m.

A gala evening is planned with events on horseback including balloon race, musical chairs, potato race, honeymoon race, relay race and saddling contest. Following the events a party will be held in the clubrooms.

A number of service men have been invited as guests through the New York City Defense Recreation Committee.

Miss Marie R. Cambridge is Chairman of the Committee. Assisting her are Misses Regina Hankinson, Carolyn Kennedy, Mildred M. Butler, Loraine Ross, Frances Weller, Roberta Hopper, Lynn Keene; Messrs. William Salisbury, Wesley Ellmyer, Manfred Sobernheim and Joseph Landsberg.

G. Donovan Elected Schering Corp. V.-P.

Gerald E. Donovan, Vice-President of Schroder Rockefeller & Co., investment banking firm of New York City, has been elected Vice-President and Director of the Schering Corp., Bloomfield, N. J., manufacturers of pharmaceutical products, specializing in research and development of new medical products. Mr. Donovan will be in charge of financial operations.

The Treasury Department had suspended on Jan. 29th all executives of the Schering Corp. who had been associated with the firm in Germany in order to eliminate all former ties and place the Schering Corporation in absolute American control, enabling them to exchange pharmaceutical secrets on vital drugs with the United States Government.

William Mee Vice-Pres. Of Thompson, Davis Co.

CHICAGO, ILL.—William R. Mee has become associated with Thompson, Davis & Phipps, Inc., as Vice-President in charge of the Bloomington, Ill., office, Greishiem Building. Mr. Mee was formerly a partner in Laing, Mee & Co., of Peoria, and recently served as Secretary of the Eighth District of the National Association of Securities Dealers, Inc.

Our Reporter On "Governments"

One thing this last Friday-the-13th financing did accomplish was to bring switching and arbitraging back to the active stage again. . . . For the first time in months, there are some excellent switching opportunities in the U. S. Government market. . . . Switches designed for virtually any type of portfolio, insurance company or bank. . . .

A major cause for the renewed business, of course, is the unsettlement in the market brought on by the 32% allotment basis on the financing. . . . The market weakened considerably after that deal. . . . The situation actually was much worse than quoted prices showed, for dealers were badly disturbed, bids were dropped sharply within a few hours after the over-subscription total was announced. . . . The Federal Reserve Banks first indicated they would support the market, then came in with buying totaling $7,405,000 in the week ended last Wednesday. . . .

And that support plus the unsettlement plus the emphasis on the "par" level as the bottom for recently-sold new issues have given us the new switching chances. . . .

Here they are:

Sell the taxable 2s of 1955/51, buy the new taxable 2¼s of 1955/52. . . .

The 2s are being kept at par. . . . That's the support level and it's worth remembering this point even while you forget many other technical considerations. . . . The 2s have a call date of Dec. 15, 1951. . . . At 100, the yield is 1.99% to that date. . . .

The 2¼s are selling at this writing at 100.17. . . . They probably will be above that price when you read this but for switching purposes, today's comparisons will be as good as those possible in the next few days. . . . The 2¼s have a call date of June 15, 1942. . . . Only six months longer than that of the 2s. . . . At 100.17, the yield is 2.19 to call date. . . .

In other words, the 2s are over-priced at this time. . . . To maturity date, the yield on the 2s is 1.99, the yield on the 2¼s is 2.20%, so the differentials remain about the same. . . .

The 2s will continue over-priced until the market rises generally and the 2¼s move away from the 2s. . . .

There's no reason why you shouldn't take advantage of this situation at the moment to improve your own position. . . .

Now Here's Another

On the next switch, your own portfolio position and general feeling on the market's outlook are more important. . . .

The idea is to sell the 2½s of 1955/52 and buy the 2½s of 1954/52. . . . You raise your current coupon by ¼%, shorten your maturity from June 15, 1955 to March 15, 1944, lift your cost only from 100.17 to 103.4. . . . The cost increase may be justified on the basis of increase in current coupon and shortening of maturity . . . Yield to call date is about the same. . . .

Look around for more switches. . . . You're likely to find some good ones. . . . Perhaps out of the 2¼s and into the 2½s of 1972/67, for instance. . . . That's been a fairly popular move in the last few sessions, although it may not turn out so excellently if the Treasury's next financing is in the form of long-term 2½. . . .

Reserve Requirements

The "feeler" is out again for an increase in excess reserves through lowering of reserve requirements of member banks. . . . Story is rumor was started officially in order to turn last week's sluggish market into a more attractive affair. . . . The rumor "worked," as rumors of support are wont to do these days. . . . Recently, just talking about official control has made the official control unnecessary. . . .

If done—and it could be done without red tape, for all the board would have to do to lower requirements is to announce the move—an expansion of about $1,000,000,000 in the total is looked for. . . . That would increase excess reserves to above $4,400,000,000 —and take care of any stringency brought about by the booming money circulation figures. . . .

If done, the reason would be stimulation of the Government market, of course. . . . Which suggests postponement of the actual move until next month or even thereafter, so that the timing would coincide with the next financing announcement. . . .

The Allotments

Allotments of 32% on the last issue of 2¼s definitely shocked investors, even though forecasts of 25 to 30% had been heard around Wall Street. . . . The figure establishes a record for financings under the Roosevelt Administration—the era of the building of the great Government market. . . . It compares with allotments of 7 and 8 and 10 and 12% on recent borrowings. . . .

What does it mean? It means the beginning of a new phase in Government financing tactics. . . . It means Secretary Morgenthau has finally found a way to eliminate free riding and while he has accomplished his objective, he has changed the character of his financings. . . . Of course, a three-fold oversubscription is encouraging. . . . But it's going to take the market a long time to get accustomed to this kind of figure as a sign of huge success. . . .

In the meantime, though, there's no reason to fear the stability of the Government mart. . . . It's under control. . . .

It will be kept under control. . . .

The interest cost level will be kept at 2½%, if the Treasury and Federal Reserve System can find any way to accomplish that. . . .

And now we're in for a rest period while the market gets back into shape and Morgenthau receives the tax payments. . . .

Complete Program For ABA "Credit Clinic"

An extensive program has been completed for the Credit Clinic to be held by the American Bankers Association in New York City, March 4-6, at the Waldorf-Astoria Hotel, as announced by Henry W. Koeneke, A. B. A. President, who is President of the Security Bank of Ponca City, Ponca City, Okla. The program, which will deal with credit problems arising from the war emergency, is separated into three major divisions—agricultural credit, consumer credit and commercial loans. Each of these subjects will receive a full day of consideration in both the general sessions and informal discussion periods which have been arranged. In arranging the program, Mr. Koeneke said, emphasis has been placed on the fact that the clinic is to be a working conference for specific and detailed consideration of questions arising in bank operations under present war conditions. Speakers who will address the conference have been chosen for their practical knowledge of the subjects they will discuss, Mr. Koeneke added.

Addresses by bankers, Government officials and others prominent in business and finance will be featured during the morning sessions of each day of the clinic, and the afternoon sessions will be given over to smaller group discussions in which delegates attending the clinic will be free to express their opinions and pose questions. Some of those who will address the conference were indicated in our Feb. 19 issue, page 769.

Interested In Equalization

Paul Dysart & Associates, Kentucky Home Life Building, Louisville, Ky., have prepared a descriptive booklet on "equalization," an improved theory of market trends, spotting basic trends, secondary trends and distribution, copies of which may be had from them upon request.

Cavendish Opens

Robert E. Cavendish is engaging in a general securities business from offices at 522 Fifth Avenue, New York City.

Boston Traders Party Pronounced Success

BOSTON, MASS.—The Eighteenth Annual Dinner of the Boston Security Traders Association on Feb. 20 was pronounced a huge success by the 250 members and out-of-town guests attending.

One of the guests of honor of the evening was Norman Hoffman, formerly of the First Boston Corporation, now serving as a lieutenant in the Navy. Lieut. Hoffman was stationed on the U. S. S. Oklahoma during the Pearl Harbor attack and when the order to abandon ship came was obliged to swim 275 yards to shore.

A feature of the dinner was the open trading in the defense bond market for series E bonds.

William Ferguson, Moors & Cabot, Boston, received a $300 bond. Richard Lynch, Boston was awarded a $100 bond.

Twenty-five dollar bonds were received by George N. Proctor, Proctor, Cook & Co., Boston; Frank E. Collins, du Pont, Homsey Co., Boston; Carl H. Peterson; Clifford Morse, F. L. Putnam & Co., Boston; Bishop, Wells & Co., Boston (two bonds); John R. Chapin, Kidder, Peabody & Co.; S. R. Melven, S. R. Melven & Co., New York (two bonds); Earl Le Beau, Boston; Frank S. Breen, Schrimer, Atherton & Co., Boston; W. B. Tucker, Bond & Goodwin, Inc., Boston; Mike Heeney, Joseph McManus & Co., New York (two bonds); Dorothy Clayton; Stanley Roggenburg, Roggenburg & Co., New York; Anton E. Homsey, du Pont, Homsey Co., Boston; Turner J. Kelley; A. F. Wilson; S. J. Florentine, New York; J. H. Goddard, J. H. Goddard & Co., Boston; T. C. Wolcott; T. W. Best, J. S. Flannagan; and W. N. Ferris, Jr., Chas. A. Day & Co., Boston, who donated his bond to the Association's Gratuity Fund.

Robt. Brooke, Jr., With Shields Bond Dept.

Robert H. Brooke, Jr., has become associated with Shields & Co., 44 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges. He will be in the municipal bond department in charge of trading. Mr. Brooke was formerly trader for the New York office of John Nuveen & Co., and prior thereto was with Goldman, Sachs & Co., Hale & Flash, Inc., and was manager of the Federal Land Bank Department for Webster, Kennedy & Co.