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Ganson Purcell, SEC Chairman, Will Address Annual Dinner Of N. Y. Security Dealers

Members of the Securities and Exchange Commission, financial writers of New York newspapers and representatives of Wall Street institutions are among the invited guests attending the 16th anniversary dinner of the New York Security Dealers Association to be held at the Waldorf-Astoria Grand Ballroom on March 26th. Four of the five SEC Commissioners, including its Chairman, Hon. Ganson Purcell, speaker of the evening, have signified that they will be present.

Three short timely discussions, "The Future Aspect of the Over - the - Counter Markets," "War Production," and "Inside Nazi Germany," are to be given by men prominent in their respective fields.

Ganson Purcell

Ganson Purcell will address the gathering on the first named subject. This should be particularly interesting to over-the-counter dealers. The problem of production necessary to win the war will be presented by Clarence J. Reese, President of Continental Motors Corporation. The prominent radio commentator, Alexander Drier, will give his views of the situation in Germany, based on his recent experiences as correspondent for the National Broadcasting Company in Berlin, where he reported the news twice daily for several months. Because of his refusal to broadcast German releases, he was requested to leave Berlin. The day before the attack on Pearl Harbor he left for the United States.

Among the guests attending the dinner are: John J. Bennett, Jr., Attorney-General of the State of New York; Herbert H. Blizzard, President, National Security Traders Association; Arthur S. Burgess, President, Bond Club of Philadelphia; Hon. Edmund Burke, Jr., Commissioner, SEC; James J. Caffrey, Regional Administrator, SEC, N. Y.; John S. Fleek, President, Investment Bankers Association; J. Taylor Foster, President Bond Club of New York; Wallace H. Fulton, Executive Director, National Association of Securities Dealers, Washington; Leslie Gould, Financial Editor, "New York Journal American"; Hon. Godfrey Haggard, British Consul General at New York; Hon. Robert E. Healy, Commissioner, SEC; Frederick W. Jones, Managing Editor, "Commercial & Financial Chronicle"; Kenneth C. Hogate, Editor, "Wall Street Journal"; Ambrose V. McCall, Assistant Attorney-General, State of New York; Fred C. Moffatt, Chairman, Board of Governors, New York Curb Exchange; Maj. Gen. Irving J. Phillipson, Commander 2nd Corps Area, United States Army; Hon. Sumner T. Pike, Commissioner, SEC; Hon. Ganson Purcell, Chairman, SEC; George P. Rea, President, New York Curb Exchange; Stanley L. Roggenburg, President, Security Traders Association of New York; Emil Schram, President, NYSE; Carlton A. Shively, Financial Editor, "New York Sun;" C. Norman Stabler, Financial Editor, New York "Herald Tribune;" Robert L. Stott, Chairman, Board of Governors, NYSE; Eliot H. Sharp, Managing Editor, "Investment Dealers Digest," and James A. Treanor, Director, Trading & Exchange Division, SEC, Washington.

It is expected by the committee in charge that in addition to the honored guests there will be approximately 800 members of local and out-of-town firms in attendance.

Members of the committee in

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OUR REPORTER'S REPORT

Secondary and speculative bonds appear to have taken the play away from equities, at least for the time being, judging by the behavior of the stock market in recent sessions.

The equity market, while not pressed with volume liquidation, is suffering from a marked dearth of interest in the buying side.

Traders who normally turn to stocks are deterred from making new commitments chiefly by tax uncertainties. They are disposed to await more definite Congressional ideas before seeking to figure future prospects.

There is no brushing aside the fact that stocks have suffered outright neglect since Secretary of the Treasury Morgenthau put forward his drastic proposals last week.

Meanwhile there has been a very definite expansion of interest in secondary ratings in the bond market, particularly in obligations of carriers where vastly expanding traffic is bolstering earnings available for fixed charges.

Rising earnings naturally lend added attraction to substantial yields which are available in contrast to the current tendency among corporations toward conservatism in dividend disbursements at least through the first half of the year.

Defaulted railroad obligations, incidentally, have shown an appreciation of about 36% since the turn of the year, measured by the averages.

B & O Case In Point

That the trend toward railroad liens of secondary calibre is not without basis is evident from the case of the Baltimore & Ohio.

Obligations of the big trunk

(Continued on Page 1031)

Split Commissions Would Benefit Both Exchange And Over-the-Counter Firms

By F. W. Stephens

The fine old veteran of Wall Street shook his head over the morning's headlines anent the raise in Stock Exchange commission rates. He is not in favor of the increase and is convinced it would lessen the volume of trading and would not improve business.

"How about allowing a percentage of the commissions to Over-the-Counter dealers?" we asked.

For some time this has been debated as a remedy for increasing transactions on the Stock Exchange and thereby creating much needed income for member houses, but so far the older members, especially, have trembled and turned pale when anyone even whispered split commissions, and have called attention to the rule of the Exchange that even the salaries of customers' men cannot be based on their commissions.

It has always seemed to us a shortsighted policy on the part of the New York Stock Exchange Association to brush aside the huge potential business-getting abilities of OC dealers. Here is a ready trained group, in the nature of customers' men, which could be utilized with no expense to the member house unless definite transactions were executed. It merely would require well planned rules.

"We have always held rigidly to the rule that there should be no splitting of commissions under any circumstances," said the Veteran.

"Why?"

"Some houses might offer all sorts of inducements for special consideration," he replied, "and it would be difficult to check on secret arrangements. Why every little clerk in a downtown bank or business house would try to chisel on orders coming through their respective establishments and might even devote time to obtaining outside orders," he continued.

"There is no question but that a general commission-splitting policy would be inadvisable, but there must be some way to have a controlled arrangement. We surely have enough regulatory bodies to prevent abuses. Other lines of business have wholesale and retail prices which are fairly well controlled without a fraction of the supervision received by Wall Street. If one goes to a furniture house, which has both a wholesale and a retail trade, the first question is 'Are you a dealer?' and the price is quoted accordingly."

He began to show more interest. "I suppose we could have fixed rates to OC dealers just as we have for Stock Exchange members," he mused.

"There could be a rule that only Over-the-Counter firms which are registered members of a recognized association of security dealers, such as the NASD, could buy or sell at the special lower commissions, and that all orders must come directly from these firms and be confirmed to them as dealers."

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Holds Ad Reduction In War Poor Judgment

At a special marketing conference of the American Management Association, called to consider sales planning for the duration, Walter H. Gebhart, manager of sales of the industrial division of Henry Disston & Sons, Inc., Philadelphia, declared that using poor judgment in handling sales and advertising programs during the present war will destroy many industrial organizations just as after the first World War.

The "Termite of poor judgment, as evidenced in the discontinuance of advertising and direct sales effort," said Mr. Gebhart, brought about the destruction of many firms during the last war which in some instances could have been saved.

Stewart In Britain With Canadian Army

William D. Stewart, Jr., once a member of the New York Stock Exchange, and now a Sergeant Major in the Canadian Army, has arrived safely in Britain with his troops. Before entering the armed service, he was an individual floor broker in New York and was a partner in Branch, Cabell & Co. of Richmond and of W. A. Fine & Co. of New York.

Slayton & Co. In Quincy

(Special to The Financial Chronicle)

QUINCY, ILL.—Willis F. Slayton has formed Slayton & Co., of which he is sole proprietor, with offices in the Illinois National Bank Building. Mr. Slayton was formerly for a number of years an officer of W. G. Houston & Co. and prior thereto was with Straus Securities Corp. of Chicago.

New York State Stock Transfer Tax Revision In Peril

Charles A. Donnelly in the New York "World-Telegram" last Saturday said that remarks of legislators returning from Albany for the week-end, indicated that the proposal of the New York Stock Exchange to increase commission rates sounded the death-knell for any transfer tax relief at the present session.

All New York State brokers and dealers and their employees should wire or write their Senators and Assemblymen at Albany to impress upon them how vital it is that they exert themselves to the utmost to insure passage of the Coudert-Mitchell Bills, calling for the amendment of the New York State transfer tax laws.

In the first place, firms holding an exchange membership represent only a small fraction of the total number of dealers and brokers in securities in the entire State of New York. In the second place, so far as Stock Exchange firms are concerned their life still would not be just a bowl of cherries even if both the commission rates were upped and the transfer tax laws were amended. When writing or wiring your Senator and Assemblyman today, make this fact clear.

Ralph Carr Co. Opens Direct Phone to N. Y.

BOSTON, MASS.—Ralph F. Carr & Company, 10 Post Office Square, which heretofore has had a direct private telephone to the New York office of Williams and Southgate, has now a direct telephone connection to Smith, Barney & Company, New York City, REctor 2-1288. All subscribers to "Security Dealers of North America" should add this new telephone number to the listing of Ralph F. Carr & Company in Boston so that they will have the latest information.

Distributors Group In Chicago Under Leggett

CHICAGO, ILL. — Distributors Group, Incorporated, has opened a branch office here at 231 South La Salle Street, under the management of Marvin C. Leggett. Mr. Leggett was formerly with Crane, McMahon & Co., specializing in Wholesale Group Securities, and prior thereto was Chicago manager for Distributors Group, Inc.

Panicky Selling Of Utilities Ill-Advised

With respect to the present bearishness on utilities generated by the Morgenthau tax proposals, it might be appropriate to call attention to the fact that it is estimated about 75% of utility companies now have in effect "coal and tax clauses" in their industrial contracts.

Under these clauses companies may make contracts which provide that rates for power supplied industrial users may be increased at times when taxes and coal rates rise to such an extent that higher rates are necessary (industrial consumption of electric power accounts for about 55% of the total revenues of privately owned electric power plants). In connection with the prospect of an upward revision of utility rates for industrial companies it might be noted that the Montana Public Service Commission recently revoked its own previous order and directed an increase in rates because of increased operating costs. Another instance is that of the California Railroad Commission which noting that no fuel clauses were included in certain new contracts in approving the higher rate schedules, directed that coal clauses be included in the new contracts.

Some of the liquidation in utilities is readily understandable, but much of it, in our judgment, is hasty, ill-advised and based on erroneous conclusions.—G. Y. Billard, J. R. Williston & Co.

Stevenson & Vercoe Join Vercoe & Co.; Lorenz To Be Dealer

COLUMBUS, OHIO—Stevenson, Vercoe & Lorenz announce the voluntary dissolution of the firm effective March 14th. At that time Justin J. Stevenson and Fred Vercoe, Sr. will become associated with Vercoe & Co., Huntington Bank Building, members of the New York Stock Exchange, Pittsburgh Stock Exchange, and associate members of the New York Curb. James F. Crum who has been in charge of trading at Stevenson, Vercoe & Lorenz, preparing daily quotations on local stocks and bonds, will continue this service with Vercoe & Co., which he is also joining. Raymond L. Cundiff and Wynne MacManinam, who were connected with Stevenson, Vercoe & Lorenz and its predecessor firm for many years will also be associated with Vercoe & Co.

August Lorenz will continue as an individual dealer in securities with offices in the Huntington Bank Building.

W. F. Thompson Moves

W. F. Thompson & Co. announce the removal of their offices to new quarters at 25 Broad Street, New York City.

Sherman In New Quarters

The offices of L. D. Sherman & Co. will be located at 30 Pine Street, New York City after March 16, the firm announces.

Hunter, Turrell & Dahl Formed In San Fran.

SAN FRANCISCO, CALIF.—Phelps Hunter, founder of Phelps Hunter and Associates, Russ Bldg., has been commissioned a Lieutenant in the United States Naval Reserve and called to active duty with the Naval Air Force. A general partnership called Hunter, Turrell & Dahl had been formed on Jan. 1 to succeed Phelps Hunter & Associates, and will now carry on. Mr. Turrell, who has been with the firm for five years as investment adviser, will now be the senior active partner. Mr. Dahl, who has served the firm for four years as accountant and tax adviser, will be the junior active partner. Mr. Hunter will continue as a general partner.

Messrs. Chickering and Gregory will remain as attorneys to the new firm; McLaren, Goode and Company will also carry on as accountants. The firm's banking connections will be unchanged, and the established policy for their clients to choose their own attorneys, banks and brokers will not be altered in any way.

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Reentered as second-class matter February 25, 1942, at the post office at New York, N. Y., under the Act of Mar. 3, 1879.
Subscriptions in United States and Possessions $26.00 per year; in Dominion of Canada, $27.50 per year; South and Central America, Spain, Mexico and Cuba, $29.50 per year; Great Britain, Continental Europe (except Spain), Asia, Australia and Africa, $31.00 per year. NOTE—On account of the fluctuations in the rate of exchange, remittances for foreign subscriptions and advertisements must be made in New York funds.

State Street Investment Stock Offered

Public offering of a limited amount of common stock of the State Street Investment Corp., of Boston, was made March 10 by a nation-wide group of investment firms associated with Massachusetts Distributors, Inc., underwriters of the first new capital financing undertaken by the Fund since 1938. The shares are priced at current market, which is based on net asset value, calculated twice daily.

With the current offering of 53,095 shares of additional stock and approximately 11,900 shares of treasury stock, all of the presently authorized common stock of the Fund, constituting its entire capitalization, will be issued and outstanding.

State Street Investment Corp. was organized in 1924 as a private investment medium. As of July 31 of that year net worth was $100,000. At the close of 1927, when the number of shareholders had increased from 3 to a total of 95, net worth was $3,334,000. Since that date, the number of shareholders has risen to more than 6,000 at the close of 1941, when net worth amounted to $29,337,924, represented by 536,184 shares of common stock.

Directors of State Street Investment Corp. include Charles Francis Adams, Paul C. Cabot, David H. Howie, Richard C. Paine, Richard Saltonstall, R. Minturn Sedgwick and Henry L. Shattuck. Messrs. Cabot, Paine and Saltonstall are also partners of State Street Research and Management Company, which provides management services to the Fund.

Japha In New Location

R. K. Japha Co. announce the removal of their offices to 50 Broad Street, New York City, from 40 Exchange Place.

Says Ads During War Keep Friends After

Advertising helps to keep "friendships in repair," George A. Kelly, Vice President of The Pullman Company, told members of the Hotel Sales Managers Association in convention in Cincinnati.

The desirability for companies concentrating on war work to keep up advertising programs for the duration where that is possible was stressed by the sleeping car executive who said that his company hoped to do so in order that "our customers will continue to be our friends."

In reviewing the events leading up to the Pullman company's conviction that advertising is an essential instrument of modern business, Kelly said that while his company for years had pioneered in the development of sleeping car comfort, service and safety, it, not unlike many other industries, had not for a long time made any sustained effort to get its message to the public.

"The foremost object of the company was service to the public—standardized, perfected, constantly improved. The ability to render such service depended not only upon the equipment itself, but also upon an expertly trained personnel. Efforts were never ceasing to install every improvement found practicable. But as the business grew and developed we didn't have any definite plan to tell anybody about it," Kelly declared.

When the company set out upon an advertising campaign in the 30's, Kelly said it was thought that "the spectacle of barefoot boys thronging beside the tracks to watch No. 69 go by or of everyone in town going down to the depot to meet No. 24 was as out-of-date as the buggy-whip. But it wasn't—and the industry set about proving that it wasn't."

With the introduction of Pullman's new lightweight streamlined cars, "sales and promotional ideas which may have been lacking previously came rushing," Kelly said. "Exhibitions of new trains, well-advertised, began attracting a few curious sightseers at first, then, as the word spread, ropes and police became necessary to hold the crowds back."

Even though the company's manufacturing affiliate is now 95% engaged in war work and while a third of the sleeping car fleet is used for troop travel, Pullman hopes to maintain its advertising pace during the war, Kelly declared, because we want "our customers in war-time to be our friends after Victory comes."

Vance Elected Pres. Mass. Distributors

BOSTON, MASS. — Massachusetts Distributors, Inc., 85 Devonshire Street, announces the election of Henry T. Vance as President, to succeed the late Mahlon E. Traylor and the addition to the Board of Directors of David T. Sanders. The firm, with headquarters in Boston, has been for a number of years the underwriter for shares of Massachusetts Investors Trust, Boston Fund and Massachusetts Investors Second Fund, and more recently for a block of shares of the State Street Investment Corporation.

Mr. Vance was associated with Mr. Traylor at Brown Brothers Harriman & Co., in New York City, for several years, and for the last six years he has been executive Vice President and a Director of Massachusetts Distributors. Mr. Sanders, Vice President of the firm in charge of the Chicago office, had been associated with Mr. Traylor since 1932.

All other officers and directors will continue as heretofore.

Sees Market For Govts. Maintaining Strength

Reviewing the impact of war on United States Treasury issues, C. J. Devine & Co., 48 Wall Street, New York City, specialists in United States obligations, express the opinion in their annual survey that the Government securities market can be expected to withstand even more adverse developments than those of 1941 when it showed unexpected strength in resisting a combination of unfavorable circumstances.

Their opinion is based largely on the fact that the borrowing and refunding problems of the Government afford impelling motives to keep interest rates from rising and that the continuation of low rates of interest tends to broaden the market for new Treasury issues.

"The ability of the market to withstand adverse developments is an indication of the efficacy of modern methods of monetary control in keeping interest rates at a low level," says the study. "Federal Reserve and Treasury authorities have demonstrated their ability and determination to prevent disorderly market declines by their support in the crises of September 1939 and December 1941.

"The moderate amount of official market support required last December reflected the growing belief that the authorities will act, when necessary, to prevent severe declines in Government security prices. Many banks which at one time may have hesitated to purchase Government securities because of fear that a drastic decline might jeopardize their capital, no longer feel the same restraint. Their need for these investments, on the other hand, has increased, and will continue to increase as bank earnings are reduced through high taxation, higher operating costs, and the refunding of high coupon, partially tax-free issues with new obligations bearing lower rates of interest. Since Government securities are now a major source of bank earnings, the banks must increase their holdings in sufficient amounts not only to meet increased expenses, but also to compensate for the lowering of the rate of return on their investments."

New features of the study this year include discussions of United States Treasury Tax Savings Notes and a graphic record of weekly price and yield index changes during 1941. A chronology of 1941 events pertaining to United States financing, banking and the money market is set forth, as well as a chronological record of United States government financing for the past three years. A record of receipts and expenditures of the United States Treasury is based on actual records for 1940 and 1941 with budget estimates for the fiscal years 1942 and 1943. Other features include a statement of the public debt of the United States at the end of 1941 compared with previous years, a classification of ownership of government securities, descriptive tables of outstanding Treasury issues, and the 1941 price record of United States issues.

Pell & Simonds Join Laird, Bissell Co.

Subsequent to the dissolution of Pell, Peake & Co., effective today, Walden Pell, Francis M. Simonds, Jr., partners in the firm, William Cumings and William H. Gilmartin, will become associated as of March 16 with Laird, Bissell & Meeds, 120 Broadway, members of the New York Stock Exchange and other leading Exchanges. Messrs. Pell, Gilmartin and Cumings will be in the Laird, Bissell & Meeds bond department; Mr. Simonds will be with their stock department.

Augustus Knight With Bacon, Whipple & Co.

CHICAGO, ILL.—As of April 1, Augustus Knight will be admitted to partnership in Bacon, Whipple & Co., 135 South La Salle Street, members of the New York and Chicago Stock Exchanges. Mr. Knight was for many years an officer of Knight, Dickinson & Co. and its predecessor firms.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 9 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated March 11 and to mature June 10, 1942, which were offered on March 6, were opened at the Federal Reserve Banks on March 9. The following details of this issue are revealed:

Total applied for___$471,349,000
Total accepted_____ 150,194,000
Range for accepted bids:
High—100.
Low—99.938. Equivalent rate approximately 0.245%.

Average Price 99.942. Equivalent rate approximately 0.229%.

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

There was a maturity of a similar issue of bills on March 11 in amount of $150,027,000.

Dixon Co. To Admit J. Clark As Partner

James Averell Clark, member of the New York Stock Exchange, will be admitted to partnership in Dixon & Co., Philadelphia, Pa., as of April 1. Mr. Dixon will make his headquarters in the firm's New York office at 14 Wall Street. He was formerly a partner in Carl M. Loeb, Rhoades & Co.

Form Robt. G. Johnson Co.

Robert G. Johnson, member of the New York Stock Exchange, and Anthony J. Bailey will shortly form Robert G. Johnson & Co., with offices at 61 Broadway, New York City. It is proposed that Mr. Bailey act as alternate for Mr. Johnson on the floor of the Exchange under section 15, article IX. Mr. Johnson has been in business as an individual floor broker.

Exchange Firms Form Inv. Bank. Committee

Eugene Barry, of Shields & Co., and a Governor of the Association of Stock Exchange Firms, announced today the formation of an Investment Banking Committee of the Association. The personnel of the committee is drawn from New York Stock Exchange member firms which regularly engage in the underwriting and distribution of investment securities.

In addition to Mr. Barry, who is Chairman, members of the new committee are:

Albert H. Gordon, Kidder, Peabody & Co.; Benjamin D. Mosser, Clark, Dodge & Co.; Ranald H. Macdonald, Dominick & Dominick; Stuart R. Reed, Jackson & Curtis; Benjamin D. Williams, Jr., W. E. Hutton & Co.; Laurence M. Marks, Laurence M. Marks & Co.; Claude W. Wilhide, Baker, Watts & Co. (Baltimore); and Ralph Chapman, Farwell, Chapman & Co. (Chicago).

At their organization meeting, members of the Investment Banking Committee met will Emil Schram, President of the Stock Exchange, to discuss their proposed activities. Mr. Barry emphasized that the committee would concern itself only with investment banking and distributing problems that are peculiar to Stock Exchange member firms and will not attempt to duplicate the work being done by the Investment Bankers Association or other similar organized groups.

L. Turnure & Company Celebrates 110th Year

Lawrence Turnure & Co., one of the oldest member firms of the New York Stock Exchange, is celebrating the 110th anniversary of its founding. The firm was originally established by Moses Taylor in 1832 under his own name. In 1849, Mr. Taylor formed a partnership with Percy R. Pyne, and in 1851 Lawrence Turnure was admitted as a partner. Later, Mr. Taylor became President of the National City Bank, but the firm kept his name until 1889, when it took its present name.

Present partners of the firm include Lawrence Turnure, a grandson of the original partner, John Kerr, William T. Veit, Gerard L. Pears, member of the New York Stock Exchange, and Ralph H. Hubbard, also a member of the New York Stock Exchange.

In its early days the firm was active in financing foreign trade, particularly with the West Indies, and owned a large fleet of vessels. The firm was reorganized in 1935 when it went into the brokerage business, following the enactment of the Banking Act of 1934. It has always been closely identified with Cuba and sugar interests there.

Humphries Principals Join Smith, Hague Co.

(Special to The Financial Chronicle)

DETROIT, MICH.—Norman D. Humphries, Kent L. MacGregor and Ruth E. Stevens have become associated with Smith, Hague & Co., Penobscot Building, members of the Detroit Stock Exchange. Mr. Humphries and Mr. MacGregor were formerly partners in Humphries, Angstrom & Co. with which Miss Stevens, who is well known as one of the few women traders in the investment business, and also for her poetry, was also associated as manager of the real estate bond department.

Mark M. Balmer, Roswell C. Bogue, John E. Doherty, Jr., John Duff, 5th, Louis C. Garrison, 2nd, Ray I. Waller and LaVerne A. Weickgenant, all previously with Humphries, Angstrom & Co., have also joined the Smith, Hague & Co. staff.

Kebbon, McCormick Co. To Be NYSE Members

CHICAGO, ILL.—With the acquisition of the New York Stock Exchange membership of Oliver D. Filley by L. Raymond Billett, Kebbon, McCormick & Co., 231 South La Salle Street. will add membership in the New York Exchange to the membership which they already hold on the Chicago Exchange. Kebbon, McCormick & Co. was recently formed as successors to Stern, Wampler & Co., Inc.

Weck In New Quarters

The offices of Albert H. Weck Co. have been removed to 60 Wall Street, New York City.

PERSONNEL ITEMS

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

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**Grady G. Thomas** has joined the staff of **McAlister, Smith & Pate, Inc.**, Johnston Building.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**John Harper Ashum**, previously with Mason, Moran & Co., is now with **Thompson Ross Securities Co.**, 39 South La Salle St.

(Special to The Financial Chronicle)

FT. WAYNE, IND.—**James A. Mohler** has joined the staff of **Leonard J. Fertig & Co.**, Berry at Court St.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH. — **J. Wilber Warner**, formerly with Bradbury Ames Co. and Moore and Clayson, has become affiliated with **McDonald, Moore & Hayes, Inc.**, Michigan National Bank Building.

(Special to The Financial Chronicle)

INDIANAPOLIS, IND. — **Earl Addison Taylor, Jr.**, is now with **Thomson & McKinnon**, 120 East Berry St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Robert Preston Davis**, formerly with Blyth & Co., Inc., and **Celeste M. Venne** have become associated with **Bateman, Eichler & Co.**, 453 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Kenneth C. Cameron**, previously with Wyeth, Hass & Co., has become connected with **J. A. Hogle & Co.**, 532 West Sixth St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF. — **George A. Coulter** is now with **Pacific Company of California**, 623 South Hope St. Mr. Coulter was previously with J. A. Hogle & Co. and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Bernard L. Donaghu** has become associated with **William R. Staats Co.**, 640 South Spring St. Mr. Donaghu was previously for a number of years with M. H. Lewis & Co., as manager of their Whittier, Calif., office.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Gordon W. Brayley**, formerly with Bankamerica Company, has been added to the staff of **Franklin Wulff & Co., Inc.**, Bank of America Building.

(Special to The Financial Chronicle)

MIAMI, FLA.—**Albert S. Fish** has become connected with **Guaranty Underwriters, Inc.**, 138 Shoreland Arcade.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — **Fred E. Talbot**, formerly with Wells-Dickey Company, Chrest & Company, and Harold E. Wood & Co., has become associated with **J. P. Arms & Co.**, Rand Tower.

MINNEAPOLIS, MINN.—**Joseph W. Farr**, for many years with Wells-Dickey Company, has become affiliated with **Piper, Jaffray & Hopwood**, 115 South Seventh St.

(Special to The Financial Chronicle)

ORLANDO, FLA.—**Hubert H. Hevey** is now with **Guaranty Underwriters, Inc.**, 24 Wall St.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Samuel E. Fleischmann** is now connected with **Friedman, Brokaw & Samish**, 711 Saint Charles St.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Seymour B. Gall**, formerly with Slayton & Co., Inc., has become associated with **Edward D. Jones & Co.**, 705 Olive St.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Paul Sacks**, previously with Glaser, Vogel & Co. and Louis W. Ochs & Associates, is now affiliated with **Slayton & Co., Inc.**, Boatmen's Bank Building.

(Special to The Financial Chronicle)

ST. LOUIS, MO.—**Robert A. Waddell** has become connected with **Stifel, Nicolaus & Co., Inc.**, 314 North Broadway. Mr. Waddell was formerly with Reinholdt & Gardner.

(Special to The Financial Chronicle)

ST. PETERSBURG, FLA.—**O. E. Wasser** is now associated with the staff of **W. H. Heagerty & Co.**, Florida Theatre Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Glen E. Gilpin**, formerly with E. F. Hutton & Co., has joined the staff of **Merrill Lynch, Pierce, Fenner & Beane**, San Diego Trust & Savings Building.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Anna C. Flett**, formerly with Edgerton, Bourne & Co., has been added to the staff of **Hammill & Company**, Russ Building.

(Special to The Financial Chronicle)

TERRE HAUTE, IND.—**Fred A. Lane** is now with **D. Russ Wood & Co.**, National Building. Mr. Lane was formerly connected with Fred J. Sharp of Indianapolis.

Cement Co. Attractive

An interesting memorandum has just been issued by Hartley Rogers & Company, 1411 Fourth Avenue Building, Seattle, Washington, giving comparative earnings per share, and dividends, on Class A and Class B stock of Superior Portland Cement, Inc. Also a brief comparative balance sheet is given, showing 1941 figures well ahead of 1940. Copies of the memorandum may be had upon request from Hartley Rogers & Co.

A-B-C Of Oil Royalties

An attractive booklet has just been issued by Schappert-Teden-Blumer, Inc., 2 Rector Street, New York City, entitled "The A-B-C of Oil Royalties." The booklet presents in simple form the answers to questions about oil royalties—what an oil royalty is, what landownership includes, oil leases, costs, income, etc. Copies of the booklet which should prove most interesting may be had upon request from Schappert-Teden-Blumer, Inc.

Tomorrow's Markets Walter Whyte Says—

Market still in down doldrums. Cheerless war news, taxes and lack of Congressional unity responsible. New taxes discussed. Investments and speculations need new study.

By WALTER WHYTE

The same tiresome pattern the market seems to have set for itself continues to persist. One day's strength, rare these days, is followed by either immediate decline or, at best, extreme dullness. Frequently both. Occasionally some stock asserting commendable independence manages to poke it's nose up above the pack. But seldom does this display of rugged individualism spread to the rest of the market or prove strong enough itself to carry over into the next day's market session. For even if any technical basis for sustained strength existed, the news from the South Pacific would be against it.

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Certainly no one, even a confirmed optimist, can find anything in the daily headlines to cheer about. The only bright spot is the way the war is going between Russia and Germany. But even about that, there are people here so confused that they don't know whether to shudder at the Communist menace or to be pleased at the Nazi defeats.

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Last week we had a rally. From the looks of it, it seemed to be based on relief that the long pending tax proposals were at last made public. A rally such as that is seldom to be trusted, a condition pointed out in last week's column. Well, you know what happened since. I need not waste space telling you about it.

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Here at home we are up against two things. The first is disturbing. The second we can do little about. Congress is the first. Taxes is the second.

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A talky-talk Congress, which seems much more concerned in re-electing itself by stifling public criticism, is going on it's windy way apparently more interested in impressing electorates back home, than in a united effort to win the war. It is to be hoped that the deadly parallel drawn between what happened in France before it's collapse and what is happening here, will not be lost on an oratorical Congress.

Where taxes are concerned, most of us are having a tough enough time paying present ones. Still, Wall Street is for anything that will help win the war; even bigger taxes. The Treasury proposals, however, bring up problems readers of this column might well give thought to. For while the probability exists that the final tax law may differ from the Treasury proposals, old investment and speculative programs should be re-aligned on the theory that final enactment will be close to original Treasury proposals.

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It is obvious that surtaxes will hit many industries and many companies. The non-war industries will have a tough time in keeping sales and profits up to previous levels. Even if sales do stay up, profits may get into the higher surtax brackets. Such companies will have to cut their dividends particularly if their working capital is not large. You can even go further than that. If a company's tax reserve is close to its cash position, you'd better get rid of the stock.

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Holding companies are also in the suspect list, particularly where they own subsidiaries having large preferreds out. Just take a look at some of the preferred stocks today and already you will see what is happening.

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The proposal has been made, that capital losses shall not be deductible from operating income. If this becames part of the tax law, it will hit many companies. Certainly Chesapeak & Ohio could not have shown such a good 1941 statement if it did not deduct it's Erie losses. True, it may work another way too. Large holders of second grades where selling for tax purposes was heavy may hold back.

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One thing stands out in the tax bill. More and more interest will develop in second grade bonds, rail and industrial. For even if surtaxes hit common stock earnings, bond interest comes ahead of taxes. And as income applicable to bond interest increases, so will the value of these securities.

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Market commentators are beginning to say that present low prices are discounting

(Continued on Page 1036)

RAILROAD SECURITIES

While the freight rate increases granted by the Interstate Commerce Commission had little effect on the rail market, the Treasury's tax proposal which followed almost immediately thereafter did throw the spotlight on the carrier group. In the stock list the tax proposals brought a rapid reappraisal of individual securities. The rails as a whole will naturally feel the effects of the higher surtax but there are few that fall into the excess profits tax brackets. The list, therefore, held steadier than did the general run of utilities and industrials even though the higher freight rates did not bring in any new buying. Also, there was a marked tendency to switch out of the few roads (mainly the Pocahontas coal roads) which are in the excess profits tax range, and where dividends are consequently threatened, into such roads as Atchison and Great Northern where dividends are considered safe even if the drastic tax proposals are passed without change.

Whereas the reaction of the stock list was negative and confined mainly to an appraisal of the relative impact of these two new influences (tax increases and selective freight rate adjustments) on individual securities within the group, the action of the reorganization rail bonds was highly significant as an acceleration of a basic investment trend advocated by many railroad analysts for the last year or more. The defaulted list again pushed forward into new high ground on a broad front and on heavy volume. It was also notable that the greatest interest centered around those issues which were selling lowest in relation to the face value of new mortgage bonds they are to receive under pending reorganization plans. It is obvious that the public is finally coming to a fuller realization of the tax-sheltered nature of this type of security.

Regardless of what may come it is considered almost certain that interest will continue as a deduction before arriving at taxable income. Annual interest on bonds to be received runs to 10%, or more, in many instances on market prices of the old bonds, and this return is based on a drastically reduced, and highly conservative, capitalization. In addition to its tax sheltered position, therefore, this income is also considered relatively impervious to a possible post-war deflation.

Investors in industrial stocks, utility preferreds, etc., who have been dependent on dividend income to cover living expenses can now visualize the growing threat to that income at a time when the expenses themselves are mounting. They are literally being forced into the reorganization rail group and this trend will logically be accentuated as the expenses of war increase. At the same time, these reorganization rails have been showing wide improvement in earnings, and cash balances have been mounting. With properties in good physical condition there is nothing to do with this cash but pass it along to security holders.

Interest payments on defaulted bonds increased sharply last year and it is believed that few roads in the group will fail to make disbursements in 1942, and many at a higher rate than in 1941. The prospect that one need no longer wait for actual consummation of a reorganization plan to receive interest emphasizes the attractive position of this type of security in the present phase.

There has been little discussion of the probable influence of the new tax proposals on second grade, interest paying, railroad bonds. Obviously, this group is also tax sheltered, and yields in many cases are very liberal. Nevertheless, no particular buying wave has been noted. Investors are concerned over the possibility that bank liquidation may again place an effective ceiling on prices. However, it is entirely possible that if the Treasury's suggestions are followed this ceiling may be raised materially. It is proposed that long term capital losses shall no longer be allowed as a deduction from operating income.

One important reason for bank liquidation in the past has been the establishment of tax losses; they have been allowed a credit of 100% of the loss. Thus, a bank which had purchased Central 5s, 2013 at 95 and sold them at 50 established a loss of 45 points. At the old income tax and surtax rates of 31% the tax saving made possible by the sale amounted to $139.50 per $1,000 bond sold. Thus, effectively, the institution was getting a price of around 64 for a bond sold at 50. This reasoning will no longer apply if the capital loss credit is eliminated.

Fate of this feature of the tax bill should be followed closely as it may also lead to exactly the opposite end. If the capital loss credit is retained, and the aggregate of the normal tax and surtax is raised to 55%, the tax saving potentialities to the institutions would be widened. The effective price of a bond bought at 95 and sold at 50 would be raised to 75¾ by the increase in the tax rate.

Railroads Attractive

Railroads will show continued satisfactory earnings, according to the current issue of Strauss Bros. "Bulletin" "This war has driven home to the public in no uncertain manner," continues the "Bulletin" "that the over-capacity of our railroads has not only prevented unreasonable discomfort, but is a vital factor in the smooth and steady shipment of men and materials for war purposes, that might otherwise be seriously dislocated by the probable decrease in truck output. Post-war planning will have to take into account the upkeep of these additional facilities, which may not otherwise be necessary for normal purposes. To the extent that the railroads can reduce the cost of maintenance of such excess facilities by substantial retirement of debt, to that extent will the necessity for public support be obviated.

"It is therefore to the public advantage to have the railroads receive sufficient earning power to pursue such a policy, and we expect that railroads will show continued satisfactory earnings."

Copies of the "Bulletin" may be had upon request from Strauss Bros., 32 Broadway, New York City.

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—38⅛, low—14¾, last—37⅝.

Bank and Insurance Stocks

This Week — Bank Stocks

Reduction in dividend rate by a leading bank, together with recommendation by the Treasury that surtax rate be increased from 7% to 31%, have touched off a sharp decline in the bank stock market, and serve to raise again the issue of certainty of current bank dividends.

On March 3, Secretary Morgenthau recommended the increase in surtax rate to Congress. After the market close that day, it was announced that Bankers Trust Co.'s quarterly dividend was 35 cents per share, compared to 50 cents previously. The next day, bank stocks declined over 6% to a new 1942 low and the lowest levels since 1932. Since the general market (Dow Jones 65-stock average) declined only 1% on the 4th, not having yet fully reacted to the proposed taxes, the difference would be accounted for by the uncertainty created over bank dividends.

Contributing to the bank stock market's surprise was the general expectation that reductions in dividends, if any, would be more likely to occur for the second quarter of 1942, after the new taxes would be definitely known. In some bank quarters, for example, it is hoped that Congress will temper somewhat the sharp increase proposed in the surtax.

In most quarters, the Bankers Trust dividend rate of $2 was regarded as covered better than average, as the dividend was only 64% of 1941 net profits, compared to average of 70%. This 64% ratio is the same for Central Hanover Bank & Trust Co., which declared its regular dividend on the same day that Bankers Trust reduced their dividend 30%.

Thus, the certainty of the Bankers Trust $2 dividend could not be judged by indicated earnings alone. Nor could it be judged by the leverage ratios, for Central Hanover at the close of 1941 had higher ratios than Bankers Trust of deposits and earning assets to capital funds. True, there was a "dictum" by the President of Bankers Trust at the annual stockholders' meeting that if taxes for 1942 should impair the 60% ratio of dividends to earnings, stockholders in his opinion would not mind a reduction in the dividend—but that would seem to imply awaiting what the new taxes would be. Hence, the unsettling effect on the bank stock market.

The reasons announced for the Bankers Trust reduction are likely to be repeated by any other banks that might reduce dividends, and should therefore be analyzed: (1) Higher taxes; (2) Necessity for building up capital funds.

If the new surtax rate is legislated at the recommended 31% level, there is no doubt that banks will be hit harder by Federal taxes than they have ever been in modern times. Such a tax will bear heavily on the income from partially exempt Government securities issued prior to March 1, 1941. According to best available figures, about 63% of total Governments held by commercial banks June 30, 1940, were partially tax exempt. As the supply of totally exempt issues is reduced, therefore, income from Government securities will be taxable at a rate higher than the normal tax rate, which is left at 24%.

In addition, the Treasury recommends taxing State and municipal issues now exempt, a proposal considered less likely to pass.

Some favorable angles to the tax situation, nevertheless, exist for the banks: (1) Invested capital credit for excess profits taxes is kept at 8% on the first $5,000,000 and 7% on the balance, which would continue to give the larger banks a high excess profits credit; (2) The Treasury proposes to tax income from partially exempt securities on the basis of yield, rather than on basis of income (coupon rate); (3) Banks will continue to be permitted to deduct all expenses from taxable income, rather than first feared restriction of deducting only expenses incurred in obtaining the taxable income.

If we regard all of Bankers Trust Company's Government securities Dec. 31, 1941, as subject to surtax, and figure the 1.07% 1941 return on them, resulting income of $6,266,000 would be subject to $439,000 surtax on 7% basis and $1,942,000 on 31% basis, an increase of 60 cents per share. This would be equal to the reduction in the annual dividend rate, and would bring 1941 "bread and butter" of $3.19 per share down to $2.59 per share, on which the old $2 dividend rate would still be 77% of profits. It would seem, however, that part of these increased taxes could be made up by Bankers Trust—(1) by volume expansion in earning assets (especially war financing); (2) by lengthening of maturities involved in taking war bonds, which would involve both lower amortization and better yield.

As to strengthening of capital funds, Bankers Trust as of Dec. 31, 1941, had capital funds of 10.9% of earning assets and 8% of deposits, capital funds being 19% of holdings of Government securities alone. Even assuming a 10% increase in net profits for each of the next four years, and giving effect to present reduced dividend rate, capital funds at the end of four years would be $132,000,000, or still eight times earning assets and ten times deposits **at present**—not allowing for undoubtedly large expansion in Governments to come. It does not appear, therefore, that "ploughing back" a larger proportion of earnings by reducing dividends would result in any material strengthening of capital funds.

Rather than reduce dividends, it would seem more effective to take RFC capital to strengthen capital funds. Stockholders would object less to such a move, for it would solve the leverage problem without necessarily reducing dividends. The other way, stockholders suffer reduction in dividend for no solution of the leverage problem.

Of course, some individual stockholders having independent means would not particularly mind the reduction in dividend, for it might mean a lower surtax bracket for them involving a tax saving; while on the other hand the ploughed back earnings are left in the equity and would be available in the future at a time of possibly lower taxes.

Bank stocks, however, if they ever did, have ceased to sell on primarily a book value basis. This can be confirmed by the numerous prevailing discounts of highly liquid, conservatively stated book values. Earnings and dividends, as in every other type of security, must be the primary determinants of market value. Since a basic appeal of bank stocks has been their stability of dividend rates, it would seem that every effort should be made to maintain dividend rates where current earnings justify. Especially so, in consideration of smaller stockholders dependent on income and institutional investors, particularly insurance companies, which are allowed a tax credit of up to 85% of adjusted net income from corporate dividends.

Whatever the pros and cons of the Bankers Trust dividend reduction, however, stockholders, investors and dealers must reckon with its possibly influencing other banks to cut dividends who follow the same line of reasoning, although the Bankers Trust reduction has been the only dividend casualty thus far in the first quarter dividend meetings.

Avery Must Dissolve

Avery & Co., New York City, has been ordered to dissolve as a New York Curb Exchange firm by Governors of the Exchange, and Clarence B. Rogers and John M. Jones, partners, have been suspended from membership in the Curb for 18 and six months, respectively, following charges that the firm had bought stock from one of its customers, reselling it immediately in another market without giving the customer the benefit of that better market. The Curb declared that Messrs. Rogers and Jones must take responsibility for the action of their firm, although themselves ignorant of the deal, which concerned 60 shares of Quaker Oats bought on the New York Curb and resold on the Chicago Stock Exchange on Dec. 18th. The firm, it was also alleged, had charged commissions in transactions where it had supplied the stock on a net basis.

C. F. Avery, partner in the firm, stated that the trouble had arisen from an arbitrage wire to Chicago and Detroit, operated by Earl Hooper, who retired from partnership after the charges were brought before the Curb. The arbitrage wire, Mr. Avery stated, had been operated by Mr. Hooper himself, buying and selling whenever he saw a chance for profit, without reference to the commission business which Avery & Co. were handling for other brokerage houses; he declared that only five times in six months had such an arbitrage deal met a commission deal in spite of the fact that the commission orders of the firm, which acted as brokers for brokers, were placed all over the floor, adding that the Curb had investigated the arbitrage account two years ago but without taking action or giving warnings. The present case was opened, he asserted, on the complaint of a Chicago house to the SEC which referred the matter to the Curb Exchange on finding that none of its statutes had been violated.

53 Guilty, 2 Freed

Fifty-three persons were found guilty in United States District Court on charges of a $10,000,000 mail fraud in oil securities in a trial which began last Aug. 4th, and two defendants were acquitted.

Those acquitted of the charges were Anton Homsey, of du Pont, Homsey Co., Boston, Mass., and Nathaniel Jones, a Boston security broker.

Among those found guilty of the charges were: Joseph Cohen, President of Underwriters' Group, Inc.; Bertram Wachte of Boston; Mandel Raffe, President of Surety Investment and Finance Co.; Arthur L. Brody, Richard Coshnear, Maurice A. Levine, John H. Gordon, Joel Rosenberg, Nathen Rosenfield, Samuel Mayers, N. E. Rogoff, Nathan Goodman, Philip Smith, Samuel Cohen, William Furst, Louis E. Brown, Russell B. Clark, Maurice Freeman, Louis E. Jacobs, Benjamin J. Parker, Morris A. Sarshik, William Domroe, Max Strahl, Maurice Seidler, Jerome H. Pomeroy and Samuel B. Raitman. The Government's chief witness was Samuel Mussman, one of the defendants, who pleaded guilty. David Gallant was let off without penalty on the recommendation of Richard Delafield, Assistant U. S. Attorney in charge of prosecution, as he had recently undergone an operation for a brain injury.

Bond Club of Denver Bowling League Returns

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

	Won	Lost	Pct.
Roystones	16	2	.889
Odd-Lots	14	4	.778
Municipals	9	9	.500
Corporates	8	10	.444
Over-the-Counters	7	11	.389
Preferreds	7	11	.389
Dividends	6	12	.333
Investment Trusts	5	13	.278

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

High team series is held by the Odd-Lots; high team game by the Municipals; high individual series by Ernie Stone with a score of 587; high individual game by Chan Lilly with a score of 237.

Clarence Dillon Named To Navy League Board

Clarence Dillon, President of Dillon, Read & Co., New York investment bankers, and Chairman of the National Citizens Committee of the Navy Relief Society, has been appointed a director of the Navy League of the United States, it is announced. Mr. Dillon will head the campaign to raise five million dollars for the Navy Relief Society. The Navy League, founded in 1902 to promote more general interest in and knowledge of the United States Navy, is conducting a membership drive in line with its expanded war-time program.

J. McCole & I. Ross Are Now With W. E. Hutton

James A. McCole and Irwin G. Ross have become associated with the investment department of W. E. Hutton & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading national exchanges. Mr. McCole was formerly representative of the Anglo-California National Bank of San Francisco. Mr. Ross was formerly with H. C. Wainwright & Co. and Eastman, Dillon & Co.

Split-Commissions Favor Broker, Dealer

(Continued From First Page)

"And that they must charge the full Stock Exchange rates to customers," he added. "Let's see how such a scale could be worked out," he said, taking up a pencil. "There should be definite rates rather than percentages of commissions. Something along this line," and he jotted down the following figures:

	Stock Exchange Rates	Suggested Over-the-Counter Dealer Rates
From $10 to $19⅞	14c. per sh.	9c. per sh.
From $20 to $29⅞	15c. per sh.	10c. per sh.
From $30 to $39⅞	16c. per sh.	11c. per sh.
From $40 to $49⅞	17c. per sh.	11c. per sh.

"On prices running from $10 to $39⅞ the discount would be 5 cents per share. From $40 to $69⅞ the discount could be 6 cents per share. Other rates should be comparable, with no minimum commission."

He carefully placed the pencil at an exact right angle to a small bronze bull on his desk. "It might be workable, at that," he concluded.

Remick Enters Army

The Board of Governors of the New York Stock Exchange on March 5 accepted, with regret, the resignation of J. Gould Remick as a Governor of the Exchange. Mr. Remick, who will continue as a partner of Evans, Stillman & Co., is entering the United States Army, which he also served in the previous war, as a Major in the Ordnance Department.

Mr. Remick has been a Governor of the Exchange since 1939, and, since 1930, a Governor, Vice-President and President, respectively, of the Association of Stock Exchange Firms. The reorganization of the Association into a nation-wide trade body, last year, was carried out under Mr. Remick's direction, during his presidency.

The Securities Salesman's Corner

PORTFOLIO SUPERVISION IN A DECLINING MARKET

Last week we discussed the problem of the obstinate investor who insisted upon compelling a salesman to sell him the kind of securities he wished to buy. One of the closest cousins to this type of securities buyer is also the fellow, who once he has bought anything, holds on to it like grim death. He says, "I buy for investment. I put 'em away in the lockbox." Believe it or not, one would think that after all the lessons of the past decade, that most of these lock-box hoarders would be almost extinct—but they are still very much alive. Far too many of them.

Now it is just plain common sense that such a policy pursued over any protracted period of time will be ruinous to any investment program. "Take the weeds out of the garden before they destroy the garden." To which might be added, "and the gardener, too." It is essential that a salesman's clients remain solvent. It is to the salesman's own selfish interest, if for no other reason, to see to it that destructive losses are avoided. Losses are a legitimate expectation if one is handling any volume of securities—just as much as profits are also to be realized and collected. But ruinous losses must be avoided and one way to avoid them is to sell out weak situations whenever they can be discovered. To hold on when prudence and common sense dictate otherwise is an invitation to disaster.

It is difficult enough during periods of relatively stable market conditions to convince such an individual that a certain security should be sold. The task becomes even more formidable when we have been faced with conditions that have prevailed during the past three years of almost continuously declining markets. And yet, it is more important today to eliminate securities of companies where the entire future is "blacked out" by conditions that are changing almost over night, than it ever was before.

Here again, there does not seem to be any set formula which can be used as a persuader when a salesman comes up against the "refusal to take losses." At least there has been no method we have ever discovered by which such an individual can be moved to taking action when his mind is set against it. Sometimes one thing works and then another. Tactfulness, just as it helps with the "investor who thinks he knows it all," is certainly of assistance at times like this.

Another method is the slow process of education. Sending clippings from current trade papers, financial publications, and the press, which deal with the things that effect the value and earning power of a specific business are likewise of assistance in such an educational campaign. There were several such investors on one salesman's list, whom we know, and every time he wrote to them he put this P. S. on their letters — "The only thing that doesn't *change* is *change* itself."

Then again, we once knew a salesman who used to say, "Mr. Jones, this is the kind of an investment that if it goes down 10 points, you should buy another hundred shares." At the time he was suggesting the purchase of a certain security, he was already conditioning his clients mind so that he would accept a possible depreciation in its market value. Later, if indications warranted that certain securities should be sold, he could then suggest that more of the original purchase should be substituted in its stead. In periods like the present when the entire market has been in a steady decline, substitution of a sound security for one that has been weakened, can sometimes be accomplished by use of this novel method of salesmanship. If the investor can be shown that the decline in market value has affected both the securities in question sometimes he may not be so loathe to make the necessary change in his holdings.

Unfortunately, there is very little connection between intelligence based upon reasoning power plus a sound interpretation of fact and the crude impulses of the emotions. A successful securities salesman, we think, must not alone have the knowledge at his command which will enable him to guide his clients along the road of sound investment procedure, but he must also understand the emotions of the people with whom he does business. That is why we must guide and lead. That is why it is necessary to "sell." But selling securities is more than selling almost any other product or service. Successful securities salesmanship entails a combination, of investment analyst, psychologist, family doctor, counsellor on marital relations, educator on politics and current events and in some cases, even becoming the family budget director.

This is why a securities man has to sit up nights thinking out ways to get people to do things which they don't want to do—but if they do them, they will be better off than if they had not done so. That is the way it must be if a salesman is to stay in this business. Otherwise, he will have no customers and no business.

Our Reporter's Report

(Continued from first page)

line, which put through a debt modification plan some months ago, have moved ahead anywhere from 5 to 9 points since the start of the year.

Now it develops that the board of directors, meeting next Wednesday, are expected to authorize payment of secured and unsecured contingent interest approximating $22,000,000.

These payments accumulated under the plan of capital readjustment.

Union Electric Files

Union Electric Company of Missouri, subsidiary of the North American Company, which has under way extensive expansion of its facilities and those of subsidiaries, plans to enter the new capital market for another $10,000,000 before the month-end.

The company has filed registration with the Securities and Exchange Commission covering that amount additional of its 3¾% series of 1971, of which $80,00,000 was marketed last May.

The outstanding bonds, listed on the New York Stock Exchange, are selling currently around 109 and have been above 111. Proceeds will be used to finance current expansion.

Celanese Corp. To File

Although not officially confirmed, report is current that the Celanese Corporation plans to file registration shortly with the Securities and Exchange Commission to cover an issue of $7,500,000 of debentures.

Beyond the expectation that the new issue will carry a conversion privilege there is little in the way of actual detail.

But since the corporation, like most others is now engaged heavily in war work and consequently is finding it necessary to expand facilities, the prospect is that the reported operation will provide funds essential to such undertaking.

Bankers Ask Time

A small issue, but one nevertheless that seems to be getting its share of attention, is that of $3,850,000 first mortgage bonds, due 1967 of the Louisville Transmission Corporation.

The company called for bids to be submitted to it by next Tuesday, but evidently it was decided meanwhile to see what could be done to have the Reconstruction Finance Corporation take the issue.

Reports indicate that the Federal agency was interested if the bonds were sold with a 4% coupon. Now the story is that bankers have asked the company to hold up on the RFC angle and give them a chance to enter a bid.

Selective Buying

Observers in the municipal market find reviving interest in outstanding issues, now that Secretary Morgenthau has quite definitely laid the ghost of his proposal to make such issues subject to Federal taxation.

Dealers report a growing inquiry for specific maturities, with issues having about eight to ten years to run meeting with good demand. The only trouble seems to be that those who have them won't let go. Accordingly it is difficult to do business.

There is nothing to indicate any early revival in the new issue market for municipals, but with the absence of such material dealers find accumulated bonds moving out rather well.

Purcell Will Address N. Y. Dealers Dinner

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charge of the dinner are: John F. Sammon, Chairman, J. F. Sammon & Co.; Robert Strauss, Vice-Chairman, Strauss Bros.; Harold Allen, Allen & Co.; Walter E. Bachman, E. H. Gibb & Co.; James Currie, Jr., Hoit, Rose & Troster; Frederick D. Gearhart, Jr., Kobbe, Gearhart & Co., Inc.; Leo J. Goldwater, L. J. Goldwater & Co., Inc.; Irving A. Greene, Greene & Co.; S. Wellmer Hanson, Hanson & Hanson; Wellington Hunter, Hunter & Co.; John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.; Frederick C. Kraehling, Frederic H. Hatch & Co., Inc.; Hanns E. Kuehner, Joyce, Kuehner & Co.; Joseph B. Lang, J. B. Lang & Co.; Herbert M. May, Herbert M. May & Co.; John F. Reilly, J. F. Reilly & Co.; Stanley L. Roggenburg, Roggenburg & Co.; J. Arthur Warner, J. Arthur Warner & Co.; Melville S. Wien, M. S. Wien & Co.

Curb Clearing Re-Elects

At the annual meeting of the stockholders of the New York Curb Exchange Securities Clearing Corporation held on March 5 Fred C. Moffatt, George P. Rea, and W. Reitze were re-elected directors to serve until the annual meeting in March, 1945. At the regular meeting of the Board of Directors of the Corporation the following officers were re-appointed for the ensuing year:

Fred C. Moffatt, President.

David U. Page, Vice-President.

James A. Corcoran, Second Vice-President.

Howard C. Sykes, Secretary and Treasurer.

Wm. B. Steinhardt, Assistant Treasurer.

C. E. Sheridan, Assistant Secretary.

Austin K. Neftel was elected a member of the Board of Directors to fill an existing vacancy until the annual meeting in March, 1943.

Investment Trusts

Back in the days "before the depression" it was not uncommon for the so-called investment trusts of the time to borrow an advertising trick or two from the insurance field—and they sold. Then came a "Dark Age" when most advertising principles seemed to have been forgotten. Most financial sales leaflets read like the financial pages of a newspaper.

But gradually the "Dark Age" of financial advertising has become less dark as distributors have become more certain of what they can and cannot do under SEC regulations. The investment trusts have been in the forefront in reintroducing sound sales principles to the financial field, and many conservative but effective pieces of sales literature have been produced.

A new pamphlet of a sort that would be useful to the best insurance man has just been released by Hugh W. Long & Co. Here's what they have to say about it:

"The New York Stock Exchange has discarded its straight-laced ideas about advertising. Lately the largest member firm has been responsible for notable contributions in newspaper and printed publicity. Others in both listed and unlisted fields are issuing daily fine examples of business provokers. All testify to excellent results.

"In preparing this new booklet summarizing Manhattan Bond Fund, we have leaned heavily on the experience of some of our most respected and biggest life insurance companies for its style, size, and format.

"The booklet is designed to tell, simply and readably, of the usefulness of Manhattan in solving the investor's fears about declining income and rising taxes—the two most serious obstacles facing the investment business today."

They call it, "An Answer to Today's Two Problems," and identify it as "a brief story of an institution founded for the mutual benefit of large and small investors who are today concerned about a constantly decreasing rate of income available from highest grade investments and also the threats to stock earnings of higher corporate taxation." It's well illustrated, and is written so as to simplify investment questions for the reader rather than to scare him away. The reader won't be left with a bunch of theories that he can't understand anyway. But he will be left with a sound idea of the way in which Manhattan Bond Fund can help with his specific problems.

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Investment Company Briefs

Sales of National Securities Series for the three months ended Feb. 28, 1942, were 42% in excess of the previous three months' period. Judging from sales, Low-Priced Bond Series continued to be the favorite followed by Bond Series, Income Series, and Preferred Stock Series. Substantial business is being obtained by salesmen who are actively engaged in bringing the attractive features of these specific programs to the attention of investors.

* * *

Current "High Points" of National Securities Series:

Series—	Recovery to 1937 High	March 2, 1942, Offering Price	Estimated Annual Rate of Distribution
Bond series	47%	$6.54	6.1%
Low-priced bond series	57%	5.57	7.7%
Pref. stock series	50%	6.37	8.5%
Income series	70%	4.01	8.7%
Low-priced common stock series	279%	2.16	3.7%

* * *

The interesting case of a central New York investor with $70,000 to put in stocks in September, 1938, is told in the latest Calvin Bullock "Bulletin." He had sufficient funds he thought to obtain adequate diversification "on his own" and preferred, as he put it, to "avoid the expenses of an initial premium and continuing management fee."

He purchased 100 share lots of 15 common stocks—all leaders in well-thought of industries—with a total value of $66,287 on Sept. 2, 1938. From that time through December, 1941, the investor received $12,332.50 in dividends from his list. But on Dec. 31, 1941, the list would have netted him, if sold, $37,656.15 after commissions were paid.

Back on Sept. 2, 1938, the investor **could** have purchased 49,101 shares of Dividend Shares for the same price, within a few cents. From these, over the same period, he would have received $9,869.30 in dividends, or $2,463.20 less than he did from his own list. But on Dec. 31, 1941, the 49,101 shares of Dividend Shares would have realized $47,136.96 if sold at the bid price then prevailing—a net difference in favor of Dividend Shares, principal and income combined, of $7,018.26, or about 10% after all "expenses."

Now Quinn Co.

Quinn Company, 80 Broad Street, New York City, has succeeded to the investment business of Quinn, Smith & Co. Charles J. Quinn, formerly a partner in Quinn, Smith & Co., is sole proprietor of the new firm. It is understood that Donald Smith is devoting himself to the real estate business exclusively.

Municipal News & Notes

In drawing up the huge new tax bill for 1942, Congress discovered that one major revenue source has tapered off considerably and will be more dry as time wears on. That source is the automobile and the network of industries associated with it.

That is because production of automobiles and of trucks for civilian use has stopped, and the sale of new tires and automobiles to the general public prohibited. Reason, of course, is the loss of the far eastern rubber supply and the conversion of the automobile industry to war production.

Aside from the inevitable dislocations which this will cause in the American economy, the decline in tax revenue, both to State and Federal Governments, will be considerable.

The loss of revenue to the Federal Government will have little effect on its spending power, because of its tremendous ability to borrow money.

But that is not the case with State Governments. Unlike the Federal Government, they can borrow money only to the extent that there is some definite setup for paying it back. Moreover, gasoline and motor vehicle revenues, in many instances, make up a large portion of their total tax collections. Thus, a marked decline in these revenues means, for State Governments, a curtailment of services.

In addition, a decline in motor vehicle revenues will make it difficult for some States to meet bond maturities, since they borrowed money in the past with a view of repaying it out of these revenues. The situation may reach a point where several States will find themselves in financial jeopardy.

Indicative of the vital importance of gasoline taxes and motor vehicle license fees to many of the States is the fact that almost half of Arkansas' total State revenue comes from those sources. The same is true of Louisiana. In Missouri and Minnesota, to pick two more States at random, the percentages are somewhat less but they still make up an extremely important segment of the annual receipts of those commonwealths.

Because the highway bonds which they have outstanding usually are not strictly "revenue" bonds and can be serviced out of other funds if need be, the States do not have quite the problem that strictly revenue projects such as Port of New York Authority, Triborough Bridge Authority, Penn Turnpike and similar ventures face since these latter depend almost exclusively on tolls charged users of their bridges, tunnels and highways.

The market for bonds of such projects has shown considerable easiness lately even though it is pointed out that a very sharp decline in gross income could occur before the ability to meet debt service would be even remotely questioned.

I.B.A. Governors Oppose Municipal Taxation

The following is the text of a resolution regarding State and municipal taxation, adopted by the Board of Governors of the Investment Bankers Association of America, at the meeting held in Chicago last week:

Whereas: At all times, and especially in a critical period, it is of paramount importance that the Government promote and maintain a strong spirit of patriotism and unity among all groups of our people and between all units of our Government; and preserve our established form of constitutional government;

Now, Therefore, Be It Resolved by the Board of Governors of the Investment Bankers Association of America that it:

1. Asserts its opposition to any attempt to tax outstanding "tax exempt" securities; such an attempt will shake public confidence in the good faith of the Government and its respect for assurances, pledges and the sanctity of obligations.

2. Is opposed to Federal taxation of future issues of State and municipal securities until and unless authorized by constitutional amendment.

3. Considers as disturbing and detrimental to the financial operations and other interests of the States and their governmental units efforts to gain power over the States by any means other than a constitutional amendment.

A.B.A. Assails Municipal Tax Proposal

The American Bankers Association has also added its voice to those of a number of other groups which have protested against Secretary Morgenthau's proposal to remove the tax exemption on outstanding State and municipal obligations. The view was expressed by A. L. M. Wiggins, second Vice-President of the ABA and Chairman of its Committee on Federal Legislation, at the credit clinic which the Association has been holding. Mr. Wiggins added, however, that the ABA was not opposed to the taxation of all future issues of local, State and Federal securities. "However," he continued, "there is an implied obligation among sovereign governments, State and Federal, that outstanding municipal securities carrying tax free covenants should not be subjected to taxation by either. These views we will present at the proper time to the committees of Congress charged with the responsibility of tax legislation."

Cochran Bill Receives Initial Approval

The House Ways and Means Committee approved last Friday the measure introduced by Representative Cochran of Missouri providing State and local tax exemption for defense work. Spokesmen for various State taxing agencies have opposed this legislation as "fundamentally wrong." The proponents of the bill maintain it would "relieve the national defense effort of the load of local taxation."

The proposed legislation would exempt the Federal Government from State, territorial and local taxes on the sale, purchase, storage, use or consumption of tangible personal property used in performing defense contracts. It is based on the assumption that the Federal Government pays the taxes to the State either directly or indirectly, if such taxes are imposed upon the contractors.

State Tax Pattern Remains Same Though Revenues Climb

Though total State tax collections rose to a new high of $4,500,000,000 in the fiscal year 1941 8.4% over 1940—the percentage distribution of tax yields shows no major tax had shifted as much as one percentage point, the Federation of Tax Administrators said Tuesday.

Motor fuel and payroll levies for social security revenues each continued to supply slightly more than one-fifth of all State taxes, while general sales and income tax collections rose almost one point—to 12.6 and 9.4% of the total, respectively.

The importance of property taxes in the State tax structure continued its decline of the last several years. In 1941 these taxes accounted for $258,000,000 — 5.7% of total collections. Property taxes in 1940 had represented 6.3% of the total State revenues; 6.6% in 1939; 9.6% in 1938; 24.8% in 1930, and 63.1% in 1915.

Income and general sales tax collections, attaining new highs in 1941 as the national income and retail sales reached record proportions, represented 9.4% and 12.6% of total State collections.

Other tax yields which rose appreciably last year were: tobacco taxes, up 10% to $107,000,000; liquor, up 9% to $274,000,000; and motor fuel, up 8% to $915,000,000.

Minnesota Local Borrowing Curtailed

A report was issued recently by the Minnesota Taxpayers' Association on elimination of nondefense expenditures by local governments in that State. In reviewing statements of the debt status of each municipality and school district listed in the report, there appears to be a general curtailment of borrowing and a special effort is being made to reduce outstanding indebtedness. No new activities are planned and the few projects begun are being deferred.

California On Cash Basis

California redeemed $57,451,912 in warrants recently in a record cash transaction which State Treasurer Charles G. Johnson declared balanced the budget and placed the State government on a cash basis after years of debt.

"This very favorable condition is due to the uptrend in business," said Johnson, "and with its continuance and the practice of economy, should effect a substantial reduction in our present tax levies."

The huge warrant redemption was made possible by the loan of $1,000,000 from special funds which were not being used and which will be reimbursed July 1.

Detroit Refunding Plans Advanced

Schedules for the proposed refunding of upwards of $28,000,000 general obligation bonds of the City of Detroit are said to have been prepared by the Controller's office and presented to the City Finance Committee for approval.

This furtherance of the recently-revived plans for a refunding which should save Detroit taxpayers several hundred thousand dollars to $1,000,000 a year in debt service over the life of the bonds affected, makes the probable date of the sale late this month or shortly after Good Friday, April 3.

It is the hope of city officials, Detroit bondholders and municipal bond men generally, that the "just a little better" tone of the municipal market generally will improve even further between now and bond sale date.

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.

March 17th

$635,000 Wilmington, N. C.
This city last sold bonds in December, the award going to the Harris Trust & Savings Bank of Chicago, whose bid topped several other competitors for the issue.

March 26th

$901,000 Cleveland, Ohio
Last July this city awarded a larger issue to a syndicate headed by the First National Bank of Chicago. Runner-up in the bidding was Lehman Bros. of New York, and associates.

Additional Suggestions For Exchange Offices

Thirty-three additional names were received at the second meeting of the Nominating Committee of the New York Stock Exchange, held for the purpose of receiving suggestions from members and partners for the positions to be filled at the annual election of the Exchange on May 11. The third meeting will be held on Monday, March 16. The slate of nominees will be posted on April 13.

Latest suggestions received follow:

Chairman: William K. Beckers, Spencer Trask & Co., and Joseph Klingenstein, Wertheim & Co.

Three Governors who shall be members of the Exchange residing and having their principal places of business within the metropolitan area of the city of New York: John A. Cissel, F. P. Ristine & Co.; William B. Haffner, Wilcox & Co.; Frank D. Lackey, Jr., C. E. Welles & Co.; William A. Pidgeon, Jackson & Curtis; Raymond Sprague, Raymond Sprague & Co.; Jacob C. Stone, Asiel & Co., and Richard F. Teichgraeber, Thomson & McKinnon. Harold C. Mayer, Bear, Stern & Co., has withdrawn his name from the list.

Three Governors who shall be allied members or nonmembers residing and having their principal places of business within the metropolitan area of the city of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public: Phillip W. Brown, Smith, Barney & Co.; Gayer G. Dominick, Dominick & Dominick; Edwin A. Fish, Smith, Barney & Co.; Harold P. Goodbody, Goodbody & Co.; Marcus Goodbody, Goodbody & Co.; Leonard A. Hockstader, L. F. Rothschild & Co., and John C. Maxwell, Tucker, Anthony & Co.

Three Governors who shall be members or allied members or non-members of the Exchange residing and having their principal places of business outside of the metropolitan area of the city of New York, who shall be general or limited partners in member firms engaged in a business involving direct contact with the public, of whom not less than one shall be a member of the Exchange: Paul H. Davis, Paul H. Davis & Co., Chicago; John E. Parker, Auchincloss, Parker & Redpath, Washington; James J. Phelan, Jr., Hornblower & Weeks, Detroit; Max J. Stringer, Watling, Lerchen & Co., Detroit, and Lester Watson, Hayden, Stone & Co., Boston.

Nominating Committee: Three Exchange Members — John I. Dakin, Strassburger & Co., San Francisco; Sydney Lewinson, Sydney Lewinson & Co., Donald M. Lovejoy, McGregor, Irvine & Co.; Coleman B. McGovern, Gude, Winmill & Co., and Clarence Southwood, H. N. Whitney, Goadby & Co.; Two Allied Members—Edwin A. Fish, Smith, Barney & Co.; Ranald H. Macdonald, Dominick & Dominick, and John Courtlandt Maxwell, Tucker, Anthony & Co.

Trustees of the Gratuity Fund —Two Trustees who are members of the Exchange: Thatcher M. Brown, Brown Brothers Harriman & Co.; Richard Pigeon, Estabrook & Co.; John Rutherfurd, at Reynolds, Fish & Co., and John K. Starkweather, Starkweather & Co.

N. Y. Security Analysts To Hear A. Whiteside

The New York Society of Security Analysts announce that Arthur D. Whiteside, President of Dun & Bradstreet, Inc., will be the speaker at their regular luncheon meeting to be held today at the Block Hall Lunch Club, 23 South William Street at 12:30 p.m. Mr. Whiteside will address the society on "My Estimate of the Leading Personalities in Washington — The Men who Created and are Driving the Machinery—What They are Doing—Whither They are Leading Our Post-War World as I See It Now." Mr. Whiteside in 1941 was director of airplane priorities and then of steel priorities in OPM. Price is $1.30 including tip—reservations should be made through Miss Byam of the Office of Dean Langmuir, Chairman of the Program Committee (Bowling Green 9-6375).

The Society announces that Shelby Cullom Davis, formerly Chairman of the Program Committee, is now a member of the Foreign Requirements Board of War Production Board.

Goodbody, Reynolds Branches Are Combined

Reynolds & Co., announce that they will take over the Allentown, Pa., office of Goodbody & Co., and that C. F. Harrison and H. G. McAndrew, formerly with Goodbody & Co., will become associated with Reynolds & Co., with offices in the Americus Hotel Building.

In Pittsfield, Mass., the procedure will be reversed, with Goodbody & Co. taking over the office of Reynolds & Co. F. C. Peach and J. D. Colt 2nd, formerly with Reynolds & Co. will become associated with Goodbody & Co., in the firm's offices in the Berkshire Life Insurance Building.

Street Cashiers To Meet

The Cashiers Association of Wall Street, Inc., will hold its regular spring dinner meeting at the Savarin at 6:15 p.m. on Thursday, March 19, 1942. Honorable Pelham St. George Bissell will address the meeting on "The Work of the Municipal Court" and will include a discussion of actions emanating from the security business. Ralph Jones of E. H. Rollins & Sons Incorporated is Chairman of the Committee in charge of the dinner.

William D. Houser Joins Scherck, Richter Staff

(Special to The Financial Chronicle)

ST. LOUIS, MO.—William D. Houser has become associated with Scherck, Richter Co., Landreth Building, in their sales department. Mr. Houser was formerly with Louis W. Ochs & Associates, Inc., and prior thereto was an officer of Slayton & Co., Inc.

O'Dea A Major

Robert E. O'Dea, Assistant Trust Officer of Chicago Title & Trust Co., has been commissioned Major in the Finance Department of the United States Army. O'Dea serve in the First World War as a 1st Lieutenant with 131st Infantry and saw active service in the AEF.

THE BOND SELECTOR

PRIME VERSUS SPECULATIVE BONDS

Present Distortions in Yields Pose Serious Problems For The Individual Investor

If a gentleman entered your office and stated that he had $10,000 to invest in bonds and requested your opinion on the best method of employing these funds as a long range investment, what advice would you give him? Let's survey the bond market by groups and see what is offered.

Homer & Co., Inc., specialists in high grade bonds, call attention to this problem in their latest "Bond Bulletin." Long term governments can be bought to yield about 2.47%, long term prime utilities to yield 2.75% and long term high grade rails to yield anywhere from 2.75% to 3.10%. What possible advantage lies in buying high grade corporates when the differences in yield between them and governments are of such trifling amounts? Obviously, a decline in Treasury issues over any protracted period will be duplicated in the corporate group and probably to a more serious degree. On the other hand, the governments could themselves decline from a yield of 2.47% to, say, 3.30%, thus involving a real loss of 15 points.

Should the investor with the $10,000 desire to avoid the longest term issues, you can discuss with him the yields available on medium term bonds. In the six to seven year category, he will find governments yielding 1.75% to 1.90%, best grade utilities yielding 1.90% and prime rails to yield between 2.06% and 2.25%. Here, again, he finds that the available differences in yields between governments and corporates are not worth the risks involved. Both in the long term and medium term groups, he finds that the best media for placing his $10,000 are governments, either the longest terms at 2.47% or the six to seven year maturities to yield up to 1.90%.

Further investigation opens up the possibilities in securing moderately better yields in certain corporate bonds such as those selling slightly above call or those which are definitely less than prime quality. As yields rise, risks increase and plainly the risks in such situations are not worth the small added income to maturity.

Finally, you show this prospective bond investor the available yields on junior railroad issues which are running roughly between 4½% and 10%. Of all departments of the bond market, this one is more distorted so far as values are concerned than any other, since a good many of the issues selling to yield 8% are fundamentally as good as many of those yielding 4½%.

By the time the field has been combed pretty carefully, his mental arithmetic has probably figured as follows: If $10,000 is placed in long term governments at 2½%, the annual income will be $250. The same amount in second-grade rails at 8% will return $800 annually, or a difference in annual yield of $550. Obviously elementary! But if this difference in annual yield is applied over a ten-year period it amounts to $5,500, or 55% of the original $10,000 investment. Consequently, if this man's loss over the same ten-year period through market declines or interest defaults is no greater than 55%, his results are the same as though he had invested his entire $10,000 in governments in the first place.

As Homer & Co. points out, these are enormous differences in yields and they represent an untrue appraisal of values. Why should this man buy prime long term corporate bonds when they net him only 0.30% or 0.60% more than governments of comparable maturity? Or why buy six or seven year utilities which yield only 1.90% when governments of these maturities offer the same return.

The alternatives appear to be either to buy long or medium term governments which yield far more than they should in comparison with corporates, or to buy carefully selected high yielding junior railroad issues. To find the answers to the puzzling discrepancies between yields of various departments of the bond market, the individual investor would have to spend a great deal of time studying legal requirements of institutional investors and the psychology of individual investors like himself over the past ten years.

SEC Applications For Broker Dealer Registry

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

Feb. 4, 1942—Investment Supervisors, Inc., 227 United States National Bank Building, Denver, Colo., John L. Garrison, Karl W. DuBois, and Maurice E. Domer, officers; W. H. West, Valley Falls, Kansas, sole proprietorship; F. H. Winter & Co., 111 Broadway, New York, N. Y., Frank Harold Winter, formerly proprietor, and Harry Flackman, partners.

Feb. 6, 1942—Gray Perry, 49 Wall Street, New York City, a sole proprietorship.

Feb. 9, 1942—J. R. Vinson & Co., 411 Union National Bank Building, Little Rock, Ark., James Russell Vinson, formerly President, now sole proprietor, L. S. Vinson having withdrawn as an officer.

Feb. 10, 1942—Louis L. Rogers Company, 76 William Street, New York, N. Y., Louis L. Rogers, sole proprietor.

Feb. 11, 1942—Daniel Pollock, 29 Broadway, New York, N. Y., a sole proprietorship.

Feb. 12, 1942—Fitzmaurice & Werner, 50 Broadway, New York, N. Y., Edward Alexander Werner, sole proprietor, H. W. Fitzmaurice having withdrawn as a partner; Laredo Brokerage Co., 311 Sames-Moore Building, Laredo, Tex., Morton S. Leishman, formerly proprietor, Erich Koenig, Francis C. Mann, and Frank Clark, officers.

Form Adams-Fastnow Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Adams-Fastnow Company has been formed with offices at 215 West 7th Street, by Wilbur V. Adams and William C. Fastnow, to act as brokers and dealers. Mr. Adams was formerly a partner in the dissolved firm of Adams-Chadwick Company. Mr. Fastnow for many years was in business for himself as an individual dealer.

James Phelps Wood, manager of the listed department of Adams-Chadwick Company, and Eugene M. Grant will be associated with the new firm.

E. S. Reinthaler Moves

E. S. Reinthaler & Co. has removed its offices to new quarters at 331 Madison Avenue, New York City.

Allied Chemical & Dye Corporation

To the Stockholders:

Herewith are presented the consolidated balance sheet of the Company at the close of business December 31, 1941, and the consolidated income account for the year.

Net income for the year was $21,416,566.

Total business for 1941 exceeded that of the previous year by about 30% and was the largest in the history of the Company. The receipts derived from the sale of the Company's goods to its customers provided the payment of labor, the purchase of materials, the replacement of worn-out tools, the payment of taxes and the wage payment for the use of the tools (assets) to the owners (stockholders). The customers were thus the employers of both the labor and the tools.

The results of the year's operations are set forth in the following short form:

The Company received from operations		$229,998,811
which was disposed of as follows:		
Goods and services purchased from others	$125,634,641	
Replacement of worn-out tools (depreciation and depletion) and contingencies	14,541,366	
Wages and salaries paid to labor	41,442,030	
Taxes	30,263,104	
Wage payment for tools (assets) used by labor to produce operating receipts	18,117,670	
Interest and dividend receipts		3,298,896
Total Receipts		$233,297,707

The Company paid regular dividends of $6.00 per share and a special dividend of $2.00 per share. Total taxes increased 121% over 1940 and were equal to $13.67 per share of stock. Average hourly wage rates at the end of the year were 18% higher than in 1940 and 48% higher than in 1929.

Because of the uncertainties confronting all industry the Company provided out of 1941 income an addition of $3,000,000 to the general contingency reserve.

Gross additions to the property account amounted to $21,681,841. Retirements were $8,483,468. Plant construction included substantially increased capacities for basic products required by the war program. The Company has also undertaken a number of extensive projects at the request and for the account of the Government. It is not expected that the fixed-fees to be received for the construction and operation of these projects will have any important effect on the Company's total net income.

There has been placed upon industry the great responsibility of providing the materials necessary for winning the war and supplying essential civilian needs. This can be accomplished only by the maximum use of all available resources. Our national industrial structure is made up of corporations, each of which is a consolidation of tools of production representing the savings of stockholders. The most efficient and unimpeded operation of these facilities will be required. The management of the Company pledges its utmost efforts towards the accomplishment of the Company's share in this great task

Respectfully submitted,

H. F. ATHERTON, *President.*

Dated, March 5, 1942.

CONSOLIDATED GENERAL BALANCE SHEET— DECEMBER 31, 1941

ASSETS

PROPERTY ACCOUNT		
Real Estate, Plants, Equipment, Mines, etc., at cost		$259,745,353.47
INVESTMENTS		
Sundry Investments at cost or less		37,114,266.58
CURRENT ASSETS		
Cash	$52,797,373.97	
U. S. Government Securities at cost	11,648,906.25	
Marketable Securities at cost	15,276,512.50	
Accounts and Notes Receivable—less Reserves	18,337,950.63	
Inventories at cost or market, whichever is lower	25,643,486.24	
		123,704,229.59
DEFERRED CHARGES		
Prepaid Taxes, Insurance, etc.		1,927,556.61
OTHER ASSETS		
Patents, Processes, Trade Marks, Good-will, etc.		21,305,942.61
Total		$443,797,348.86

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable	$ 5,718,483.67	
U. S. Government Contract Advances	891,980.10	
Wages Accrued	693,884.76	
Taxes Accrued	27,111,567.97	
		$ 34,415,916.50
RESERVES		
Depreciation, Obsolescence, etc.	$175,396,581.15	
Investments and Securities	40,000,000.00	
General Contingencies	13,413,115.67	
Insurance	2,464,853.61	
Sundry	2,241,487.00	
		233,516,037.43
CAPITAL STOCK AND SURPLUS		
Common Stock, without par value, basis $5. per Share Issued 2,401,288 Shares	$ 12,006,440.00	
Capital Surplus	101,037,235.00	
Further Surplus	88,659,020.41	
Total Capital Stock and Surplus	$201,702,695.41	
Deduct Treasury Stock	25,837,300.48	
		175,865,394.93
Total		$443,797,348.86

U. S. Government Securities had a market value at December 31, 1941, of $12,043,356. Marketable Securities consisting of 150,500 shares of common stock of the United States Steel Corporation and 270,000 shares of capital stock of the Air Reduction Company, Inc., listed on the New York Stock Exchange, had a market value at December 31, 1941, of $17,921,688. Treasury Stock consists of 187,189 shares of common stock carried at cost.
Further Surplus consists of $67,037,175 earned surplus accrued to the Company since its organization and $21,621,845 accrued to its subsidiary companies prior to the Company's organization.

CONSOLIDATED INCOME ACCOUNT

YEAR ENDED DECEMBER 31, 1941

Gross Income (other than dividends and interest) after provision for depreciation, obsolescence, repairs and renewals, all state, local and capital stock taxes	$ 44,965,826.71	
Provision for General Contingencies	3,000,000.00	$ 41,965,826.71
Other Income:		
Dividends	$ 2,978,245.43	
Interest	320,650.81	3,298,896.24
Gross Income before provision for Federal Income and Excess Profits Taxes		$ 45,264,722.95
Federal Income and Excess Profits Taxes		23,848,156.99
Net Income		$ 21,416,565.96

SURPLUS ACCOUNT

Surplus at December 31, 1940	$185,992,481.45	
Net Income year 1941	21,416,565.96	$207,409,047.41
Dividends declared on Common Stock	$ 19,210,304.00	
Less: Dividends on Treasury Stock, not included in Income	1,497,512.00	17,712,792.00
Surplus at December 31, 1941		$189,696,255.41

Allied Chemical & Dye Corporation,
New York, N. Y.

We have examined the consolidated general balance sheet of the Allied Chemical & Dye Corporation and its subsidiary companies as of December 31, 1941, and the statements of consolidated income and surplus for the calendar year then ended, have reviewed the system of internal control and the accounting procedures of the company and its subsidiary companies and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying consolidated general balance sheet and related statements of income and surplus present fairly the position of the Allied Chemical & Dye Corporation and its subsidiary companies at December 31, 1941, and the results of their operations for the calendar year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 4, 1942. WEST, FLINT & CO.

Urges Cotton Farmers To Plant Full Acreage

Secretary of Agriculture Wickard on March 4 called on the Nation's 2,500,000 cotton farmers to plant their full national acreage allotment of about 27,400,000 acres of cotton in 1942 and recommended that as much of this allotment as possible be planted in medium and longer staple varieties in order to assure adequate supplies of the quantities needed to meet military requirements. In making this known the Department stated:

> The Secretary emphasized that this does not mean that allotments will be increased in 1942, or that farmers are being asked to exceed cotton allotments. Farmers last year underplanted the national cotton allotments by some 4,000,000 acres. The 1941 crop of 10,976,000 bales was produced from a planted acreage of 23,250,000. The 1941 allotment was approximately 27,400,000 acres.

Secretary Wickard in his advices said:

> It is especially important that farmers plant their full cotton allotments in those areas which normally produce cotton of a staple length of one inch or better, and where the planting of the full allotment will not reduce the acreage planted to other oil crops. The war emergency has developed an increased need for cotton of longer staple lengths. In addition to helping meet the need for longer staple lengths, increased cotton production in these areas will also add considerably to our supply of vegetable oils.

It is pointed out that on Feb. 5, the Department announced that the Commodity Credit Corporation would increase premiums under the 1942 loan program on cotton 1⅛ inches and longer in order to assure producers the same per acre return from the longer staple lower yielding cotton as from the sharter staple, higher yielding varieties.

Under date of March 4, the Department stated:

> Growers are being urged to exercise particular care in cultivating, harvesting, and ginning the 1942 crop to insure the highest grades possible.
>
> If the 1942 yield should be equal to the average yield per planted acre of 235 pounds for the five years, 1936-1940, the planting of 27,400,000 acres this year would result in a crop of about 13,500,000 bales. If the 1942 yield should be equal to the average yield per planted acre of 211 pounds for the 10 years, 1931-1940, the planting of 27,400,000 acres this year would result in a crop of about 12,100,000 bales.
>
> A substantial increase in the production of cottonseed oil would result from the planting of the full cotton acreage allotment. Assuming that the entire increase in production of cottonseed is crushed for oil, a 1942 crop of 13,500,000 bales would result in an increase of 250,000,000 pounds of cottonseed oil over 1941. A 1942 crop of 12,100,000 bales would result in an increase of 156,000,000 pounds of cottonseed oil over 1941. Increased production of vegetable oils is one of the major goals of the 1942 Food-for-Freedom Program.

Inciting the need for more long staple cotton, the Secretary said that the carryover of American cotton in the United States on next Aug. 1 will total approximately 10,000,000 bales, of which it is estimated about 6,000,000 bales will be under one inch in staple length. The increased production of military goods is consuming more than the normal volume of the longer staple and higher grade cottons.

Authorize Inquiries Into Normandie Burning

Both branches of Congress on Feb. 18 authorized separate investigations of the burning of the former French liner Normandie, now the U.S.S. Lafayette, at its New York pier on Feb. 9. The Senate provided $5,000 for its Naval Affairs Committee to inquire whether the cause of the fire was negligence or sabotage and the House Naval Affairs Committee voted to have a special sub-committee make its own probe. In order to avoid duplicating effort, the two groups may conduct a joint study of various phases. Both investigations will be independent of the studies being made by the Navy Department and the Federal Bureau of Investigation.

The 83,000-ton liner, built in France in 1935 at a cost of $60,000,000 was severely damaged by the fire which resulted in its capsizing at the New York dock. A special group of experts is now working on the problem of possible salvage of the vessel. The former French liner was requisitioned by the United States Government on Dec. 16 and was being converted into a Naval auxiliary.

Lend-Lease Funds Now Total $47 Billion

The office of Lend-Lease Administration revealed on March 3 that the lend-lease appropriations and transfer authorizations passed by Congress now total over $47,000,000,000. Recent Congressional enactment of the Fifth Supplemental National Defense Appropriation Act, aggregating $32,762,737,900, carried the total to $47,410,650,000. In this bill, direct lend-lease funds appropriated amounted to $5,425,000,000, while up to $11,250,000,000 of the equipment to be turned out for the Army under the bill could be sent to other nations. In addition the President could lease any of the cargo ships to be built from the Maritime Commission's fund of $3,852,000,000 provided in the bill.

The total lend-lease fund is made up of $18,410,000,000 in direct appropriations and $29,000,650,000 in transfer authorizations.

The following summary of all lend-lease appropriations and transfer authorizations by Congress to date was reported in Washington advices of March 3 to the New York "Times."

Direct Appropriations

1941

March 27—$7,000,000,000, Defense Aid Supplemental Appropriation Act, 1941.

Oct. 28—$5,985,000,000, Defense Aid Supplemental Appropriation Act, 1942.

1942

March 2—$5,425,000,000, Defense Aid title of Fifth Supplemental National Defense Appropriation Act, 1942.

Total—$18,410,000,000.

Transfer Authorizations

1941

March 27—$800,000,000 of defense articles appropriated for prior to March 11, 1941. Does not apply to War Department. (As advised Dec. 17.)

Aug. 25—$698,650,000, additional appropriation for Maritime Commission ships, any of which the President is authorized to lease (First Supplemental National Defense Appropriation Act, 1942).

Dec. 17—$2,000,000,000 of defense articles appropriated for War Department before or since March 11 (Third Supplemental National Defense Appropriation Act, 1942).

1942

Jan. 30—$4,000,000,000 of defense articles included in appropriations for War Department (and including $9,000,000,000 for Air Corps) in Fourth Supplemental National Defense Appropriation Act, 1942.

Feb. 7—$2,500,000,000 of defense articles, other than ships, appropriated for in Naval Appropriation Act, 1943, with additional appropriations for 1942.

Feb. 7—$3,900,000,000, total cost of 1,799 emergency-construction Navy ships, any of which the President is authorized to lease for duration of the emergency by the same Act.

March 2—$11,250,000,000 of defense articles appropriated for War Department in Fifth Supplemental National Defense Appropriations Act, 1942.

March 2—$3,852,000,000 additional appropriation and contract authorization for Maritime Commission ships, any of which the President is authorized to lease by the same Act.

Total—$29,000,650,000.

Survey World Sugar Supply

The Sugar Section of the War Production Board, in co-operation with other Government agencies, is concluding, under the supervision of A. E. Bowman, Chief of the Section, an exhaustive study of the world's sugar supply, it was announced on March 6 by the WPB Division of Industry Operations.

Experts from various Government agencies whose duties include watching every phase of the world's sugar industry were asked by Mr. Bowman to assist in the survey. The agencies include three divisions of the Department of Agriculture (Foreign Agricultural Relations, Sugar Division of the AAA, and Surplus Marketing Administration), the Bureau of Foreign and Domestic Commerce of the Department of Commerce, the Tariff Commission, and the WPB Statistics Division. The announcement added:

> Every sugar-producing country in the world outside of the Axis powers and those dominated by the Axis are included in the survey. Sugar is produced in almost every country in the world, ranging all the way from Reunion in the Indian Ocean with a crop last year of 75,000 tons to Brazil with an annual production of over 1,000,000 tons—to mention the extreme among countries not generally known for their sugar-producing abilities. Cuba, of course, tops them all, with an annual production of 4,000,000 tons.

According to Mr. Bowman "one purpose of the study is to ascertain all the available supplies of sugar, to see what we can expect to do about supplying our Allies under Lend-Lease and also to determine what economies may be made in shipping space in the movement of such sugar, and what should be done internally in the United States in connection with the current sugar situation." He added:

> We want to find out how much exportable surplus of sugar exists in any country, if any; where it went to normally, and whether it could be diverted to assist in the defense efforts of ourselves and our Allies.
>
> It is the Government's desire to eliminate, as much as possible, cross-hauls in the shipping lanes of the world, to conserve cargo space and to minimize transit time in shipping. In this way we can make more men of arms and munitions.

The sugar study, it is noted, was brought about by the sugar shortage now existing in this country.

No Cigarette Price Rise

Price Administrator Leon Henderson announced on Feb. 27 that the wholesale prices for cigarettes, established in the Dec. 30 price schedule, are continued in effect, explaining that an OPA investigation showed that current prices were "fair and equitable." The schedule "froze" prices at levels prevailing on Dec. 26. The OPA inquiry into cigarette manufacturing costs was begun after the American Tobacco Co. announced an increase in the wholesale price of "Lucky Strike" cigarettes from $6.53 per thousand to $7.10. The Price Administrator required the company to rescind its advance pending an investigation into factors justifying the price increase; this was noted in our issue of Jan. 15, page 232.

Extend 1941 Grain Loans

The U. S. Department of Agriculture announced on March 2 that all 1941 loans on wheat, rye, and barley stored on the farms and in good, sound condition may be extended to April 30, 1943, except in certain eastern and southern areas, which will be designated later. The present maturity date on all these loans is April 30, 1942. The Department also states:

> Loans on wheat defined as excess wheat under the marketing quota provisions, whether stored on farms or in approved warehouses, may also be extended to April 30, 1943.
>
> Loan notes secured by any of these grains stored on the farm will be extended if evidence is submitted to the county agricultural conservation committee that consent for storage for the period ending June 30, 1943 has been obtained, and required inspection fees have been paid. All extended loans will be subject to call on demand.
>
> The Commodity Credit Corporation will advance 7 cents per bushel storage on the number of bushels of farm-stored wheat resealed at the time of extension, provided such storage allowance was not advanced at the time the loan was made. The producer will also be entitled to an additional storage allowance of 5 cents per bushel on extended farm-stored wheat loans, payable on delivery. Both storage allowances will be conditioned upon delivery of the wheat to the Corporation at maturity. It will not be necessary to secure extension of insurance certificates.

Non-Farm Foreclosures Again Lower In January

Foreclosure activity in non-farm areas of the United States continued an eight-year downward trend with an estimated 4,018 cases during January, a decline of 219 from the December total and 23.4% from the figures for January, 1941, Federal Home Loan Bank Administration economists announced on Mar. 7. It is stated in the announcement that on the basis of the Bank Administration's seasonally adjusted index, 34 States reported foreclosure decreases for January over December, while 14 States and the District of Columbia reported increases. Of the 12 Federal Home Loan Bank districts, only the New York and Pittsburgh districts showed increases. The report likewise states:

> The national trend of foreclosures on non-farm real estate has been strikingly regular and smooth compared to many indexes of financial activity. From the peak reached during the middle of 1933, when the highest rate of foreclosure reached as many as 1,000 a day, there has been a consistent decline with but small monthly reversals of trend.

At the same time it is pointed out:

> There will inevitably come a time, however, when this rate of decline will show indications of leveling off, for there is undoubtedly a minimum volume of foreclosures even under the more favorable economic circumstances. During the latter months of 1941 and in January, 1942, there appears to be some indication that the rate of decline is smaller and that the index is approaching some minimum level.

It is further stated:

> Nationally, the foreclosure rate for January amounted to only 2.5 per 1,000 dwellings, with more than half of the month's total occurring in communities of 60,000 or more dwellings. When adjustment was made for the size of the respective communities, this group of larger counties and cities showed foreclosures at the rate of 3.9 for each 1,000 dwellings, and the next smaller city groups registered declining rates of 2.7, 1.7 and on down to 1.3, respectively, for communities of under 5,000 dwelling units.

Fire Prevention Awards

The winning cities in the National Inter-Chamber Fire Waste Contest, sponsored jointly by the U. S. Chamber of Commerce and the National Fire Waste Council, will be announced at the Council's annual meeting in Washington on April 3 and the prizes will be awarded at the Chamber's meeting in Chicago April 27-30. The contest is rounding out its 20th year of continuous, organized, nationwide fire prevention work. It is stated that it has demonstrated its value as a major conservation activity for chambers of commerce, through which they can make effective contributions to civilian defense and the war program.

Fire losses in the United States are mounting again, the Chamber points out. The nation's fire losses during January, 1942, are estimated at $35,565,000 — 34% more than for January, 1941, and 14% more than for December, 1941. This increased toll of fire destruction for January takes on added significance since it is a continuation of the large increase in fire waste for the year 1941, estimated at $322,357,000, or $16,000,000 more than in 1940.

Resigns As Bulgar Legate

President Roosevelt recently accepted the resignation of George H. Earle, III, as United States Minister to Bulgaria in order that he may join the Navy. In a letter accepting Mr. Earle's resignation, the President said that his diplomatic mission "was conducted in trying times and difficult circumstances, but you acquitted yourself with resourcefulness and skill." He also said that it is "good to know" that Mr. Earle will still be in the country's service and wished him well in his new career.

Mr. Earle was sworn in as a Lieutenant Commander in the Navy on Feb. 27. He expects to serve in a post similar to the one he held during the first World War, when he commanded a submarine chaser. Mr. Earle, who is a former Governor of Pennsylvania, had held the Bulgarian post since February, 1940. He had previously served in the diplomatic corps as Minister to Austria in 1933 and 1934.

Named to Reserve Board

President Roosevelt sent to the Senate on Feb. 17 the nomination of Rudolph M. Evans, of Virginia, to be a member of the Board of Governors of the Federal Reserve System. Mr. Evans, who is Director of the Agricultural Adjustment Administration, was named to fill the vacancy caused by the resignation of Chester C. Davis. Mr. Davis resigned in April, 1941, in order to become President of the Federal Reserve Bank of St. Louis (see these columns of April 19, 1941, page 2488). Mr. Evans was nominated for the unexpired portion of the term of 14 years from Feb. 1, 1940.

Sees Mortgages Quoted In Fractions Like Govt. Bonds

The war will probably hasten the day when mortgages, for the first time in their history as one of the oldest types of investments, will be quoted in fractions as Government bonds are, in the opinion of L. E. Mahan, Regional Vice-President of the Mortgage Bankers Association of America and President of L. E. Mahan & Co. of St. Louis. Mr. Mahan said:

Most mortgage bankers today can recall when interest rates on mortgages were only quoted in full points—5%, 6%, etc. Today, quotations in half points —4½%, 5½%, etc. — are general. The day is approaching, and the war is speeding it, when mortgage loan rates will be generally quoted in fractions just as Government bonds are today.

It will be advantageous to lender and borrower alike. The advantages to the latter are obvious. The advantages for the lender will be that it will enable him to supply loans for more varied periods of time, increase the number of loan plans he can offer borrowers and increase his trading latitude. Further, it will mean that mortgage bankers can at last fully adapt mortgage plans to the borrower's exact ability to pay. In almost all the many studies made on the subject, practically all agree that in the average budget the amount spent for lodging, which should include rent or loan payments, light, fuel, insurance, taxes and maintenance of property, should not exceed 28%. Thus, by being able to offer the borrower a more flexible loan plan, lenders can better adjust the mortgage to the borrower's exact income, which is what FHA and all far-sighted interests in mortgage banking are striving to do.

No longer is the percentage of loan to value as all-important as it once was in financing real estate. Today, adjusting the mortgage to the paying ability of the borrower, ranks equally with it.

During the war period, of course, the advantages may not be seen in such bold relief as they would ordinarily because of the decline in non-defense residential building but in the period of national reconstruction and urban redevelopment to follow peace the advantages of this change in practice will become evident as a medium by which mortgage men can offer the borrower more and, at the same time, make his own lending problems easier.

RR. Equipment Report

The Securities and Exchange Commission has made public the eleventh of a new series of industry reports of the Survey of American Listed Corporations. These reports cover the calendar years of 1939 and 1940 and extend earlier reports which generally covered the period 1934-1939. Balance sheets and profit and loss statements, expressed both in dollars and percentages, as well as surplus statements and financial ratios are presented for individual companies and for the industry group as a whole in uniform tabular form which permits easy reference and comparison. Report No. 11 covers corporations engaged primarily in the manufacture of railroad equipment which had securities registered under the Securities Exchange Act of 1934 at Dec. 31, 1940. The 18 companies included in this group, the Commission reports, are:

The American Brake Shoe and Foundry Co.
American Car and Foundry Co.
American Locomotive Co.
American Steel Foundries.
The Baldwin Locomotive Works.
General Railway Signal Co.
General Steel Castings Corp.
Lima Locomotive Works, Inc.
National Malleable and Steel Castings Co.
The New York Air Brake Co.
Pittsburgh Forgings Co.
Poor & Co.
Pressed Steel Car Co., Inc.
Pullman, Inc.
St. Louis Car Co.
The Symington-Gould Corp.
The Westinghouse Air Brake Co.
The Youngstown Steel Door Co.

The Commission also says:

The combined sales reported by the group were $449,000,000 in 1940 compared with $300,000,000 in 1939. Net profits after all charges totaled $33,000,000 in 1940 against $12,000,000 in 1939, equivalent to 7.3% and 4.0% of sales. Total dividends paid out by these enterprises were $21,000,000 in 1940 compared with $9,000,000 in 1939. The combined assets of these 18 enterprises totaled $743,000,000 at the end of 1940 compared with $571,000,000 at the end of 1939, while surplus increased from $146,000,000 at the end of 1939 to $173,000,000 at the end of 1940.

Single copies of this report as well as the other reports may be secured without charge by request to the Publications Unit of the Securities and Exchange Commission, Washington, D. C.

White Elected Director

Lawrence Grant White, senior partner of the architectural firm of McKim, Mead & White, has been elected a Director of the Railroad Federal Savings and Loan Association, New York, N. Y., it was announced on March 2 by George L. Bliss, President of the institution.

The Railroad Federal Savings and Loan Association reported total resources of $36,726,501 on Dec. 31 and with its 39,290 savings accounts. Since 1890, it has been a factor in financing the construction of small homes in New York City and the adjacent metropolitan area.

Hudgins Gets WPB Post

Appointment of Houlder Hudgins as Deputy Director of the Division of Purchases in the War Production Board, was announced on March 8 by Douglas C. MacKeachie, Director of Purchases.

Mr. Hudgins, who is President of the Sloane-Blabon Corp. of New York City, thus becomes second in command of the Purchasing Division and as such is the ranking official in the WPB's exercise of general direction over war purchasing. He succeeds Arthur B. Newhall, now Chief of the Rubber Branch in the Division of Industry Operations.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 1029)

further bad news. The implication being that the market is now a buy. I'm afraid I don't agree. History of almost incomprehensible magnitude is being made and the market, whatever its forecasting powers, just doesn't know how to cope with, or to interpret the forces at large today. We are in a total war, a globular war, and nobody, least of all market commentators, can know what is ahead.

* * *

In past crises, capital could always seek refuge in other countries. Where can it move today? South America? Perhaps. A great deal is moving there. You can see it in the action of South American bonds. But even now it looks as if South American countries will be in the war soon.

* * *

Meanwhile, for readers of this column, the speculative positions advised in the past, seem like the wise thing to do. Hold what stocks you have, until they break their critical points. If they do, get out. If they don't and rally instead, you will make some money.

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.]

To Admit W. D. Townsend

PHILADELPHIA, PA.—William De Haven Townsend will become a partner in De Haven & Townsend, 1513 Walnut Street, members of the New York and Philadelphia Stock Exchanges, as of today. Mr. Townsend, a member of the Philadelphia Exchange, has been engaged in business as an individual floor broker.

E. C. Thomas Now With Herman Bensdorf & Co.

MEMPHIS, TENN.—Herman Bensdorf & Company, Commerce Title Building, announce that E. C. Thomas has become associated with their firm. Mr. Thomas was formerly a partner in Thomas & Allen, and Lewis & Thomas; was an officer of Saunders & Thomas, Inc., and in the past was manager of the bond department of the First National Bank of Memphis.

N. Y. Stock Exchange Weekly Firm Changes

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

Walter G. Pollak has been proposed as alternate on the floor of the Exchange for John Hone Auerbach; both are partners in Auerbach, Pollak & Richardson, New York City.

Transfer of the Exchange membership of Claude C. Pinney, deceased to Carl M. Loeb, partner in Carl M. Loeb, Rhoades & Co., New York City will be considered on March 19.

Interest of Henry B. Day, Exchange member, deceased, in R. L. Day & Co., Boston, Mass., ceased as of Feb. 27.

William B. Potts, Jr., member of the New York Stock Exchange, has withdrawn from partnership in Alexander Eisemann & Co., New York City, as of Feb. 28, on which day the firm retired as a Stock Exchange member firm.

Francis A. Callery retired as a partner in Emanuel & Co., New York City, as of Feb. 28.

William B. Shattuck withdrew from partnership in Sweetser & Co., New York City, effective Feb. 28.

H. G. Einstein & Co., New York City, dissolved as of March 7.

Gwynne Brothers, New York City, dissolved March 2.

To Pay On San Paulo 7's

J. Henry Schroder Banking Corp., New York, as special agent, is notifying holders of State of San Paulo (United States of Brazil) 7% secured sinking fund gold bonds external water works loan of 1926, that it has received funds to pay on or after March 6, 1942, 14.35% of the face amount of the coupons due Sept. 1, 1939 appertaining to these bonds. The payment will amount to $5.0225 for each $35 coupon and $2.51125 for each $17.50 coupon. The notice says:

The acceptance of this payment is optional with the holders, but pursuant to the terms of Presidential Decree No. 23829 of Feb. 5, 1934, as modified by Decree-Law No. 2085 of March 8, 1940. Payment if accepted must be for full payment of the coupons and of claims for interest represented thereby.

Holders of Sept. 1, 1939 coupons may obtain payment of the amounts prescribed upon presentation and surrender of the coupons at the office of the special agent, 48 Wall Street, New York.

No provision has been made for unpaid coupons which matured prior to April 1, 1934, but they should be retained for future adjustment.

Edw. D. Jones Moves

ST. LOUIS, MO. — Edward D. Jones & Co., members of the New York, St. Louis and Chicago Stock Exchange, announce the removal of their offices to 705 Olive Street after twenty years in the Boatmen's Bank Building. The firm is giving up its space in the Boatmen's Bank Building in order to make space available for the REA which is moving to St. Louis from Washington.

Land Bank Borrowers Pay

That many farmers are using their current larger income to reduce their farm mortgage debt is indicated in payments on principal to the Federal land banks, according to the U. S. Department of Agriculture which on March 8 said that reports to Farm Credit Administration also indicate that farmers generally are using more short-term production credit than in recent years, due largely to their greater efforts to produce food for defense, but that lending facilities throughout the nation are adequate to meet all of their needs. The Department's advices added:

Not only are more of the loans of the land bank borrowers current but farmers are making greater progress in cutting down or paying off their loans entirely. Principal payments in 1941 amounted to 7.3% of the loans outstanding and on Commissioner's loans 12.8%. Payoffs both as to number and amount were the greatest in the history of the land bank system. Land bank borrowers totaling 25,407, and 24,704 Commissioner borrowers repaid their loans in full. This compares with 15,778 and 14,545, respectively, during 1940.

"The Federal land banks and national farm loan associations are continuing to urge farmers to curtail their indebtedness as rapidly as they can during this period of better prices," said A. G. Black, Governor of the Farm Credit Administration. He went on to say:

During the last year they have not only exceeded all others in retiring debts in full but borrowers have swollen the "rainy day" fund by approximately $4,000,000.

This fund represents money sent to the banks to be held for application at some future date to the retirement of part of the loan or to pay interest. Some borrowers have deposited enough to take care of several instalments and thus built up their feeling of security.

"The banks pay the borrowers the same rate of interest on these future payments as they pay the banks on their loans," Governor Black pointed out.

To Work More For Less

A reduction in hourly wages from $1.83⅓ to $1.72½ and an increase in the work week from 30 to 40 hours were announced in Chicago on March 5 by the painters' union, according to Associated Press accounts, which further said:

A. W. Wallace, Secretary-Treasurer of the Painters' District Council No. 14 of the Brotherhood of Painters, Decorators and Paperhangers of America, American Federation of Labor affiliate, said that the change was made to cooperate with the national defense program.

Effective April 1, the agreement which is to run for the duration of the war, covers 18,000 workers and 800 contractors.

Now McDonald & Co.

KANSAS CITY, MO.—With the retirement from Collins, McDonald & Co. of Ross F. Collins, the firm has been succeeded by McDonald & Co., of which Claude M. McDonald is sole proprietor. Offices will be continued at 1009 Baltimore Avenue.

Prescott & Woodin Formed

WHITE PLAINS, N. Y.—John L. Prescott and Ernest C. Woodin have formed Prescott & Woodin, with offices at 175 Main Street, to act as brokers and dealers. Mr. Prescott was formerly proprietor of J. L. Prescott Co.; Mr. Woodin was in business as an individual dealer.

UP-TOWN AFTER 3

SCREEN

"The Invaders" (Columbia), produced in Canada and England; with Laurence Olivier, Leslie Howard, Raymond Massey, Eric Portman and others. Produced and directed by Michael Powell.

One of the best anti-Nazi films to be shown yet is "The Invaders." For not only does it present logical arguments, but does it so graphically and with so much interest that even if the propaganda angle were dispensed with the picture could stand on its own merits as top entertainment. Opening with a realistic scene of the torpedoing of a freighter in the Gulf of St. Lawrence, it rapidly gains momentum as the German U-boat responsible is hunted down and finally bombed to the bottom when it is caught in Hudson Bay. From then on the picture concerns itself with the scouting party, which had been sent ashore, is now stranded in Northern Canada. The six survivors trying to make their way to the United States (this is before Dec. 7) leave violence and murder in their wake. At a trading post they kill three men, losing one of their own. In a forced landing from a stolen plane, they lose another. At a Hutterite colony where they are fed and offered rest without question, they lose still another. And so it goes. Finally there are only two men left. In running from the Mounted Police they come across a vacationing writer who puts them up for the night. In trying to steal his horses one of them is captured leaving only one Nazi to deal with. Finally he, too, is brought to bay by a Canadian soldier on the American border. At no time is the movie cluttered up by any kind of love story. It is a realistic portrayal of a chase across a wide stretch of land inhabited by democratic people who can't believe the dreaded Nazis are in their midst. The Nazis in turn are not pictured as stupid egotists. They are daring, they possess cunning and don't hesitate at anything. It is an exciting story, well told, and capably acted.

"To Be Or Not To Be" (United Artists), starring Carole Lombard and Jack Benny; with Robert Stack, Felix Bressart, Lionel Atwill, Sig Ruman and others.

Also an anti-Nazi picture, but this goes in for laughs, not grimness. It's true that the laughs are sometimes lugubrious, not so much because you are aware that Carole Lombard is dead but rather the background of the story, Warsaw, is not conducive to farce. A company of Polish actors, headed by a kind of Lunt-Fontanne couple (Jack Benny and Carole Lombard), are rehearsing a play in which the cast wear German Army uniforms. The invasion of Poland puts a stop to everything including the play. A young and handsome Polish flyer, now with the British comes back to Warsaw to catch a Nazi spy and to see Miss Lombard, who hides him from the Nazis. From that point laughs pile on and on. The company of actors help the young Pole to outwit the Gestapo by masquerading as Gestapo officials; one member even impersonates Hitler. Jack Benny becomes the Gestapo head, and then the spy, and Miss Lombard is the siren whose job it is to prevent the real spy from getting his information to the actual Gestapo. As the wife of a ham actor Miss Lombard turns in a top performance. Jack Benny as the "great, great actor," who insists on dominating each scene and situation, is as funny on the screen as he is on the air.

RESTAURANTS

"1—2—3" (123 E. 54th) is a busy place these days. For not only does it serve food that is by all standards, excellent, but the patrons seem to go in heavily for indoor sports. In this case, gin rummy. Of course if you don't like gin rummy (I don't know if I do—I can't play it) you can just sit back and listen to Roger Stearns play the piano; or look around at the people who are beginning to consider "1—2—3" their second home. If there is a movie celebrity in town, he or she will eventually turn up here.

NIGHT CLUB

La Martinque (57 W. 57th) now has a new attraction, Georgia Price, the diminutive senior partner of the very proper and dignified member firm, George E. Price & Co. As a broker Mr. Price was apparently bored with watching a ticker tape that never moved so he went back to his first love, show business. As a performer he is simply Georgie Price who is every bit as capable as Mr. Price the broker. His impressions of such contemporaries as Georgie Jessel, Al Jolson and Harry Richman are devastating. The song, however, that made me laugh was his description of the effects of vitamin E on his (Georgie Price's) love life.

RECOMMENDED READING

If income taxes have you wobbly read **Groucho Marx's "Many Happy Returns."** It won't make your tax any smaller but it will help you laugh. . . . If you're wondering what's holding Russia up, what was behind the late lamented Nazi-Soviet pact; in fact if you want to know the unvarnished truth about Russia read **ex-Ambassador Joseph E. Davies' "Mission to Moscow."**

Mahlon Traylor Dies

Mahlon E. Traylor, President of Massachusetts Distributors, Inc. of Boston, died at his home after an illness of several weeks. Mr. Traylor began his investment banking career in Denver, coming to New York in 1930 to become President of the American Trustee Share Corporation, a subsidiary of W. A. Harriman & Co., Inc. Later he was in charge of the investment trust activities of Brown Brothers, Harriman & Co. In 1934 he moved to Boston, becoming head of Massachusetts Distributors, underwriters of Massachusetts Investors Trust, Massachusetts Second Fund, and Boston Fund, Inc.

Calendar of New Security Flotations

OFFERINGS

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)
Effective—4 p.m. E. S. War Time on March 3, 1942
Offered—March 10, 1942 by a nationwide group of investment firms associated with Massachusetts Distributors, Inc. The shares are priced at current market, which is based on net asset value, calculated twice daily.

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 15

REPUBLIC DRILL & TOOL CO.
Republic Drill & Tool Co. has filed a registration statement with the SEC for: 125,000 shares of 55-cent cumulative convertible preferred stock, $1 par; option warrants to purchase 62,500 shares of $1 par common stock; 125,000 shares $1 par common stock, reserved for issuance upon conversion of the preferred stock, and 62,500 shares $1 par common stock reserved for the option warrants
Address—Chicago, Ill.
Business—Engaged in the manufacture and sale of a variety of twist drills
Underwriter—Craigmyle, Rogers & Co. is the sole underwriter
Offering—The 125,000 shares of preferred stock will be offered to the public at $5 per share; provision is made, however, that the initial offering price may be reduced to not less than $4 per share. The option warrants, above mentioned, are to be issued to the underwriter as additional compensation. If the underwriter exercises the warrants, the shares of common stock covered by such warrants may be offered to the public; details of such public offering, if any, will be supplied by amendment
Proceeds will be used to purchase machinery and equipment, and for working capital
Registration Statement No. 2-4950. Form A1 (2-24-42)

SATURDAY, MARCH 21

CALIFORNIA DE-TINNING CORP.
California De-Tinning Corp. filed a registration statement with the SEC for 234,000 shares of $1 par common stock
Address—Los Angeles, Cal.
Business—Company is engaged in the reclaiming and processing of tin
Underwriters—Quincy Cass Associates
Offering—The common stock will be offered to the public at $1 per share
Proceeds will be used to pay for organization expenses, a detinning plant and for working capital
Registration Statement No. 2-4956. Form A1 (3-2-42—San Francisco)

KEYSTONE CUSTODIAN FUNDS, INC.
Keystone Custodian Funds, Inc., filed four separate registration statements with the SEC covering following: 25,000 shares series B-1 full certificates of participation; 300,000 shares series B-3 full certificates of participation; 70,000 shares series K-2 full certificates of participation, and 500,000 shares series S-4 full certificates of participation
Address—50 Congress St., Boston, Mass.
Business—Company is a distributive type of investment trust
Underwriting and Offering—The above shares, representing the above certificates, will be offered to the public, at the market
Proceeds will be used for investment purposes
Registration Statements Nos. 2-4952, 2-4953, 2-4954, 2-4955. Form C-1 (2-2-42)

NATIONAL SECURITIES & RESEARCH CORP.
National Securities & Research Corp. filed two separate registration statements with the SEC for (1) a maximum of 210 independence fund declarations of trust and agreement (of which 105 are without insurance and 105 with insurance of the accumulative type), calling for payments aggregating not in excess of $252,000 ($126,000 without insurance and $126,000 with insurance); and (2) 250 independence fund declarations of trust (income type, capital type and distributive type), aggregating $268,750, of which $18,750 represents a maximum creation fee payable to the sponsor and is not part of the trust
Address—1 Cedar St., New York, N. Y.
Business—This company is an investment trust. An independence fund declaration of trust presents a means by which an individual, upon the payment of certain fees, can establish a trust account providing for investment of $1,000 to $100,000 or more in a commingled fund of stocks and bonds, with certain protective requirements and subject to certain risks as ordinarily are incident to the ownership of the type of securities comprising the investment fund
The company is the sponsor
Proceeds will be used for investment purposes
Registration Statements: 2-4957; 2-4958. Form C1 (3-2-42)

SUNDAY, MARCH 29

UNION ELECTRIC CO. OF MISSOURI
Union Electric Co. of Missouri filed a registration statement with the SEC for $10,000,000 first mortgage and collateral trust 3⅜% bonds due 1971
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
Proceeds—Proceeds from the sale of the bonds would be used to finance the company's construction program, including the Venice No. 2 plant of its subsidiary, the Union Electric Co. of Illinois. Company proposed to buy from the subsidiary as much as $10,000,000 of additional common stock of the subsidiary as construction funds are required. All the outstanding stock of the subsidiary is pledged under the company's mortgage under which the bonds are to be issued. The Venice No. 2 plant would add 240,000 kilowatts of additional generating capacity to the company's system late in 1943. The first section consists of two 40,000 kilowatt units, of which the first recently was placed in operation and the second is scheduled for completion next month. A second section of 80,000 kilowatts under construction is scheduled for completion in the Fall and a third of the same capacity is to be completed late next year
Underwriting and Offering—Subject to the SEC's approval the company expects to offer the issue at comparative bidding about March 23, with bids to be submitted by March 30
Registration Statement filed March 10, 1942

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, Feb. 16 and March 5, 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—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.

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)
Amendment filed Feb. 27, 1942, to defer effective date

BEAR MINING AND MILLNG COMPANY
Bear Mining and Milling Co. registered 153,145 shares of common stock, $1 par
Address — 513 Majestic Bldg., Denver. Colo.
Business—Mining and milling
Underwriter—None
Offering—Stock will be offered publicly at $1 per share, selling commission 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, Jan. 19 and Feb. 25, 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, Feb. 6 and Feb. 24, 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)
Registration effective 4:45 p.m. E. S. War Time on March 5, 1942.

HAMILTON WATCH CO.
Hamilton Watch Co. filed registration statement with SEC for 39,382 shares 4½% cumulative preferred stock, $100 par
Address—Lancaster, Pa.
Business — Company manufactures and sells various models of high grade (17 to 23 jewel) pocket and wrist watches for men and wrist watches for women
Underwriting and Offering—Company is making a conditional offer to holders of its 32,054 shares of outsanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.
Proceeds will be used to redeem, on March 1, 1942, at $105 per share, all outstanding 6% preferred stock; balance for expenditures in connection with construction and equipment of plant additions
Registration Statement No. 2-4926. Form S2 (12-30-41)
Amendment filed Jan. 29, Feb. 16 and March 6, 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, Feb. 2, and Feb. 25, 1942, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO
Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3⅜% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par
Address—607 E. Adams St., Springfield, Ill.
Business—This subsidiary of General Telephone Co. is engaged in providing, without competition, telephone service to 180 communities and surrounding territories in Illinois, including Kewanee, Monmouth, Macomb, Lincoln, Belvidere, Harrisburg, Olney, Mendota and Mt. Carmel
Underwriters, and amount of bonds and preferred stock underwritten by each, follow:

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

Offering—Bonds and preferred stock to be offered to the public at a price to be supplied by amendment to the registration statement
Proceeds from sale of the bonds and preferred stock, together with $105,000 received from sale of 7,000 additional shares common stock, will be used in part to retire following securities of company: $5,750,000 First Mortgage Series A 3¾% bonds, due June 1, 1970, at 105½; 17,098 shares $6 preferred stock, at $110 per share; 1,108 shares $6 preferred stock, owned by parent company, at latter's cost. Balance of net proceeds will be used to purchase from General Telephone Corp the outstanding capital stocks of Central Illinois Telephone Co. and Illinois Standard Telephone Co., to make additions and betterments to company's plant and property, and for other corporate purposes
Registration Statement No. 2-4866. Form A2. (10-24-41)
Amendments filed Nov. 26, Dec. 15, 1941, Jan. 2, Jan. 21, Feb. 7, and Feb. 26, 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, Feb. 14, and March 2, 1942

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)
Laclede Gas Light Co. filed amendment with SEC on Feb. 28, 1942, to its registration statement for certificates of deposit to be issued under an offer to extend the maturities of its outstanding $10,000,000 of refunding and extension mortgage 5% bonds, dated April 1, 1904, to April 1, 1945. Changes to the plan, as outlined in the amendment, are substantially as follows:
(1) Ogden Corp. has agreed, subject to certain conditions, to purchase up to $3,000,000 of such bonds that have not been deposited or otherwise assented to the plan, that are available for purchase up to June 1, 1942. Ogden Corp. is not required to pay more than 100 and accrued interest for any bond; and it will extend the maturity date of the bonds so purchased by it. Ogden Corp. proposes to sell the extended bonds acquired by it, from time to time, at prices not less than 99 and accrued interest, unless the SEC approves a lower price
(2) The effective date of the plan has been changed as follows: the board of directors of the company shall declare the plan operative when and if holders of $7,000,000 principal amount of the $10,000,000 of outstanding bonds have been deposited under or have otherwise consented to the plan. Such declaration must be made on or before May 1, 1942, unless extended, and the plan becomes operative 15 days after such declaration has been made
(3) Ogden Corp., which now holds $598,000 principal amount of the company's collateral trust 6% notes, due Aug. 1, 1942, has agreed to acquire an additional $1,402,000 principal amount, provided the company will provide for payment at maturity (Aug. 1, 1942) of the remaining

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$1,000,000 principal amount of such notes (to which the company has agreed). Ogden Corp. further agrees to extend to Aug. 1, 1942, the $2,000,000 principal amount of the notes to be held by Ogden Corp.

Effective—1 p.m. E. S. War Time on March 7, 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)

Amendment filed Feb. 26, 1942, to defer effective date

LOUISVILLE TRANSMISSION CORP. (KY.)

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

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

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

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

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

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

Invites Bids—Corporation is inviting proposals for the purchase from it of $3,850,000 first mortgage sinking fund bonds due March 1, 1967. Proposals should be sent to the company's office, 311 West Chestnut St., Louisville, Ky., before 10 a.m. Central War Time, on March 17.

Registration effective 12 noon E. S. War Time on March 4, 1942.

Corporation on Feb. 18, 1942, was authorized by Kentucky P. S. Commission to seek bids on the bond issue

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, Feb. 11 and Feb. 28, 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 originally 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

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

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, Feb. 10 and Feb. 27, 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)

Registration effective 4:45 p.m., E. S. War Time, on March 2, 1942

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 set before the SEC for March 3 postponed to March 31, 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. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed March 2, 1942, to defer effective date

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, Feb. 7, and Feb. 26, 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, Feb. 19 and March 5, 1942

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

More New Money Invested In Savings & Loan Assns.

The receipt of $1,364,688,000 in new savings and investments by savings, building and loan associations during 1941 represents a 19.6% larger inflow of funds than in 1940, the United States Savings and Loan League, Chicago, reported on Mar. 7. This was practically the same rate of increase as 1940 had shown over 1939, Morton Bodfish, Executive Vice-President of the League, pointed out, making this past year the most conspicuous contributor to the thrift and home financing institutions' growth since before the depression. Mr. Bodfish also indicated that in December money taken in by the associations was still 14.4% greater than it had been in the same month of the previous year, and it is added that the total was $117,982,000, making December the largest month in receipts since July. This upturn from the fall months followed a seasonal trend noted since the figures began to be kept at the beginning of 1939, Mr. Bodfish said. During each of the three years reported for, it is added, December has been the third largest month in new money receipts, and apparently the national emergency did not upset the general trend of such savings. The increase over November was 20.8% this past year as compared with 24% in 1940. Mr. Bodfish also pointed out:

> The December uptrend was accomplished simultaneously with a 93% increase in the dollar volume of Defense Savings Bonds sold by the savings, building and loan institutions as compared with their average sales for the previous seven months. Here was an early demonstration of the enormous savings capacity of the people which was just beginning to be touched at that time.

The closest parallel which any recent year has seen between the amount of new money received for investment and the amount of new home loans disbursed by the associations was noted for 1941 by Mr. Bodfish. It is further stated:

> The total volume of loans in 1941 was $1,378,684,000, just $14,000,000 more than the receipts for the year. The monthly receipts of the associations in repayments on principal of their loans plus their credit lines at the Federal Home Loan Bank system account for their ability to make a larger volume of new home loans than the new money flowing in, it was explained. Apparently in 1941 less reliance on these sources of funds was necessary and cash positions were able to be built up substantially.

Pa. Factory Employment Decreased In December; Delaware Slightly Up

Employment in Pennsylvania factories decreased 1% in January to approximately 1,140,000 workers, while wage disbursements continued at the December peak of nearly $37,000,000 a week, according to reports received by the Federal Reserve Bank of Philadelphia from 2,872 establishments. Working time decreased somewhat in the month. Ordinarily employment and payrolls show substantial declines from December to January. The number employed was 15% greater than a year ago and the volume of wage payments 40% larger. Under date of Feb. 20, the Bank further said:

> Activity in January exceeded seasonal expectations in most major lines, the principal exceptions being textiles and leather. Compared with a year ago, the sharpest gains in payrolls have occurred at plants turning out durable goods; in consumers' goods lines increases were most pronounced in the leather and paper and printing groups.

> Earnings of factory workers in Pennsylvania increased in January to a new high average of 86 cents an hour, as against 85 cents in December and 74 cents a year ago. The average number of hours worked per week showed only a slight decrease, so that weekly income also reached a new peak, averaging $35.19, or about 30 cents more than in December and nearly $6.50 above the level of January, 1941.

Concerning Delaware factory employment, the Reserve Bank reported:

> At reporting factories in Delaware, employment increased fractionally from December to January and wage disbursements showed a gain of about 3%. Employment and payrolls respectively were 24 and 66% above the level of a year ago.

Chicago Reserve Elects

Under date of March 3, announcement was made of the election of Charles B. Dunn and Alfred T. Sihler as Vice-Presidents of Federal Reserve Bank of Chicago. C. S. Young, President of the bank, making the announcement, said:

> Mr. Dunn, who has been General Counsel to the bank since January, 1934, will continue in that position with the title of Vice-President and General Counsel.
>
> Mr. Sihler is in charge of the Fiscal Agency Department. He was elected Assistant Deputy Governor June, 1933, and his title was changed to Assistant Vice-President March, 1936.

Cuts Rediscount Rate

The rediscount rate of the Federal Reserve Bank of Chicago, which has been 1½% since Aug. 21, 1937, was lowered on Feb. 27 to 1% by the Board of Directors of that bank, effective Feb. 28, 1942. The action was approved by the Board of Governors of the Federal Reserve System. In its announcement the Chicago Reserve Bank says:

> This will result in equalizing the rediscount rate in the Chicago District with that in existence in the New York District. Advances to banks secured by obligations of the United States Government continue at the rate of 1%, which has been in effect since Sept. 1, 1939.

OPA Appointments

Three recent appointments to the Consumer Division of the Office of Price Administration, announced by Dan A. West, Director of the Division, are as follows:

> John H. Paswaters, Acting Chief of the Consumers Representation Section since December, has been appointed Chief of the section.
>
> Willis S. MacLeod, formerly with the Standard Oil Co. (N. J.), has been appointed Chief of the Standards Section.
>
> Bruce L. Melvin, formerly associated with the Rent Section of the Office of Price Administration, has been appointed Regional Representative of the Consumer Division for Texas, Louisiana, and Oklahoma.

Tool Engineers To Meet

Plans for accelerating and mobilizing the nation's war production and, at the same time, conserving the supply of vital material and tools will be discussed at a series of technical sessions at the tenth annual convention of the American Society of Tool Engineers in St. Louis on March 26, 27 and 28. Representatives of the 52 chapters of the National Technical Society, whose membership is now reported at an all time peak of more than 10,000 will meet at the Hotel Jefferson for the sessions presided over by President F. W. Curtis.

Save Electricity

President Roosevelt appealed to all governmental agencies and civilian consumers to economize on the use of electrical energy, which is needed for the war effort. The President pointed out at his press conference that it is essential that every possible kilowatt hour be saved since defense power needs are constantly increasing. With respect to night baseball games, he said that this was one of the certain activities connected with morale which should go on, adding, however, that savings in electricity might be effected if people who went to these games would turn off their lights at home.

Soybean Buying Advanced

The Department of Agriculture announced on March 4 that the date for acceptance of soybean seed under the purchase offer announced Feb. 24 has been advanced from May 31, 1942 to April 10, 1942. This action was taken, the Department explained, in order to speed up the determination of the suitability of seed supplies on hand, to facilitate the distribution as seed of any stocks acquired by the Government, and to avoid soybeans being unnecessarily withheld from processing at this time and later interfering with the crushing of the much larger crop expected in 1942. Reference to the soybean program appeared in our March 5 issue, page 954.

WPB Warns Industrial Users On Sugar Buying

A. E. Bowman, Chief of the Sugar Section of the War Production Board, on March 5 sent telegrams to all trade associations representing industrial users of sugar, requesting them to warn their members that the sugar rationing plan will be hampered if excessive purchases by some small industrial users are not stopped.

Mr. Bowman pointed out that excessive sales of sugar by receivers to some customers violate the clause in the sugar order (M-55) which requires receivers to distribute their sugar equitably.

Cuba Plans National Bank

The following advices are from a wireless dispatch from Havana, March 1 to the New York Times":

> The Senate last night approved a bill giving President Fulgencio Batista authority to issue silver certificates to be guaranteed by gold reserves or United States dollars. No amount was specified in the bill, although Alonso Pujol, President of the Senate, said recently that the government intended to issue $20,000,000 of the certificates.
>
> The gold will be bought at $35 an ounce with United States dollars obtained by the government through the stabilization fund created several years ago to prevent depreciation of the Cuban silver peso. Owing to the present huge sugar crop, this fund, to which sugar exporters are obliged to deliver 30% of all sales in United States currency, is growing rapidly.
>
> The government will buy gold with the idea of building up a reserve for a future national bank, according to the preamble of the bill. Gold bought may be deposited in the United States Treasury or Federal Reserve Banks.

Earlier advices from Havana (Feb. 20) to the "Times" stated that Cuba would shortly establish a national bank of issue soon, according to an announcement from the Presidential Palace. It was then stated that plans for the institution were complete and President Batista has ordered the work of organization to start immediately, according to official communique.

Coffee Quotas Raised

The Inter-American Coffee Board announced on March 5 that it intends to remove the present 15% limitation on coffee shipments to the United States in excess of quotas if the limitation "should become an obstacle." The Board's announcement, as contained in Associated Press accounts from Washington said:

> The Inter-American Coffee Board approved a resolution Oct. 23, 1941, authorizing shipment of coffee from producing countries to the United States during the current quota year in excess of established quotas up to the limit of 15%.
>
> In order to obviate any obstacles which might interrupt the flow of coffee to the United States in this time the Board declares that it intends to remove the limitation of 15% if it should become an obstacle. In this manner it will be possible to take advantage to the fullest extent possible for all available shipping space for the transportation of coffee to this market during the current quota year in accordance with the other provisions of the aforesaid resolution.

It is stated that the coffee would be shipped only after current quotas are filled and would be stored for sale in the next quota year, at which time it would be deducted from the countries' quotas.

The Board recently increased quotas for the year ending on Sept. 30 by 5%. It is said that the action was taken to meet the increasing coffee demands of the United States. The increase, effective as of Feb. 26 and applying only to the 207 days remaining in the current quota year, means that 472,628 bags of coffee can be made available for consumption in this country over the base quota of 15,900,000 bags.

1941 Corn & Wheat Loans

The Department of Agriculture reported on Mar. 4 that Commodity Credit Corporation had made 82,817 loans, in the amount of $62,253,151, on 85,300,930 bushels of 1941 crop corn through Feb. 21, 1942. Loans made to date have averaged 73 cents per bushel.

The Agriculture Department also reported on Mar. 4 that through Feb. 21, 1942, CCC made 514,348 loans on 355,745,145 bushels of 1941 wheat in the amount of $349,472,554. The wheat under loan includes 117,703,087 bushels stored on farms and 238,037,058 bushels stored in public warehouses. Loans to the same date last year had been made on 277,990,948 bushels.

Asst. Solicitor General

Oscar S. Cox, of Maine, was sworn in on Feb. 28 as Assistant Solicitor General of the United States, the oath being administered by Associate Justice Byrnes of the U. S. Supreme Court. Mr. Cox was nominated for the Justice Department post by President Roosevelt on Feb. 9 and the Senate confirmed the selection on Feb. 24. He succeeds Charles Fahy, who was promoted to the Solicitor Generalship last Fall (see issue of Nov. 6, page 943). Mr. Cox entered the Government service in 1938 and prior to this appointment was general counsel for the Lend-Lease Administration.

STOCK OF MONEY IN THE COUNTRY

The Treasury Department in Washington has issued the customary monthly statement showing the stock of money in the country and the amount in circulation after deducting the moneys held in the United States Treasury and by Federal Reserve banks and agents. The figures this time are for Jan. 31, 1942, and show that the money in circulation at that date (including, of course, that held in bank vaults of member banks of the Federal Reserve System) was $11,174,681,997, as against $11,160,087,131 on Dec. 31, 1941, and $8,592,832,072 on Jan. 31, 1941, and comparing with $5,698,214,612 on Oct. 31, 1920. Just before the outbreak of the World War, that is, on June 30, 1914, the total was only $3,459,434,174. The following is the full statement:

CIRCULATION STATEMENT OF UNITED STATES MONEY—JANUARY, 31, 1942

		MONEY HELD IN THE TREASURY					MONEY OUTSIDE OF THE TREASURY				
KIND OF MONEY	TOTAL AMOUNT	Total	Amount held as secur. against Gold and Silver Ctfs. (and Treas. Notes of 1890)	Reserve against U. S. Notes (and Treasury Notes of 1890)	Held for Federal Reserve Banks and Agents	All Other Money	Total	Held by Federal Res. Banks and Agents	‡‡In Circulation— Amount	Per Capita	POPULATION OF CONTINENTAL U. S. (ESTIM.)
Gold	†$22,747,189,254	$22,747,189,254	$20,593,941,286	$156,039,431	------	¶$1,997,208,537	------	------	------	----	------
Gold certificates	‡(20,593,941,286)	‡(17,717,732,137)	------	------	†§($17,717,732,137)	------	$2,876,209,149	$2,815,444,500	$60,764.649	$0.45	------
Standard silver dollars	547,077,816	483 879,665	472,173,193	------	------	11,706,472	63,198,151	2,599,578	60,598,573	.45	------
Silver bullion	1,481,665,930	1,481,665,930	1,481,665,930	------	------	------	------	------	------	----	------
Silver certificates	‡(1,952,680,351)	------	------	------	------	------	1,952,680,351	295,634,750	1,657,045,601	12.37	------
Treasury notes of 1890	‡(1,158,772)	------	------	------	------	------	1,158,772	------	1,158,772	.01	------
Subsidiary silver	501,468,507	8,011,888	------	------	------	8,011,888	493,456,619	22,229,257	471,227,362	3.52	------
Minor coin	217,697,137	4 380,443	------	------	------	4,380,443	213,316,694	6,968,897	206,347,797	1.54	------
United States notes	346,681,016	3,296,914	------	------	------	3,296,914	343,384,102	41,109,787	302,274,315	2.26	------
Federal Reserve notes	8,697,462,720	14,871,522	------	------	------	14,871.522	8,682,591,198	430,088,685	8,252,502,513	61.61	------
Federal Reserve bank notes	19,540,464	132,509	------	------	------	132,509	19,407,955	69,650	19,338,305	.15	------
National Bank notes	144,429,274	298,314	------	------	------	298,314	144,130,960	706,850	143,424,110	1.07	------
Total Jan. 31, 1942	$34,703 212,118	$24,743,726,439	$22,547,780,409	$156,039,431	‡($17,717,732,137)	**$2,039,906,599	††$14,789,533,951	$3,614,851,954	$11,174.681,997	83.43	133,948,000
Comparative totals:											
Dec. 31, 1941	$34,595,946,508	$24,724,648,438	$22,509,197,123	$156,039,431	$17,688,242,202	$2,059,411,884	$14,692,252,991	$3,532,165,860	$11,160,087,131	$83.38	133,843,000
Jan. 31, 1941	31,402,125,152	24,042,990,188	21,850,073,224	156,039,431	17,097,619,664	2.036,877,533	12,111,588,524	3,518,756,452	8,592,832,072	*64.76	*132,686,000
Oct. 31, 1920	8,479,620,824	2,436,864,530	718,674,378	152,979,026	1,212,360,791	352,850,336	6,761,430,672	1,063,216,060	5,698,214,612	53.21	107,096,000
March 31, 1917	5,396,596,677	2,952,020,313	2,681,691,072	152.979,026	------	117,350,216	5,126,267.436	953,321,522	4,172,945,914	40.23	103,716,000
June 30, 1914	3,797,825,099	1,845,569,804	1,507,178,879	150,000,000	------	188,390,925	3,459,434,174	------	3,459,434,174	34.93	99,027,000
Jan. 1, 1879	1,007,084,483	212,420,402	21,602,640	100,000,000	------	90,817,762	816,266,721	------	816,266,721	16.92	48,231,000

*Revised figures.

†Does not include gold other than that held by the Treasury.

‡These amounts are not included in the total, since the gold or silver held as security against gold and silver certificates and Treasury notes of 1890 is included under gold, standard silver dollars, and silver bullion, respectively.

§This total includes credits with the Treasurer of the United States payable in gold certificates in (1) the Gold Certificate Fund-Board of Governors, Federal Reserve System, in the amount of $17,706,572,728, and (2) the redemption fund for Federal Reserve notes in the amount of $11,159,409.

¶Includes $1,800,000,000 Exchange Stabilization Fund and $143,358,156 balance of increment resulting from reduction in weight of the gold dollar.

**Includes $59,300,000 lawful money deposited as a reserve for Postal Savings deposits.

††The amount of gold and silver certificates and Treasury notes of 1890 should be deducted from this amount before combining with total money held in the Treasury to arrive at the total amount of money in the United States.

‡‡The money in circulation includes any paper currency held outside the continental limits of the United States.

NOTE—There is maintained in the Treasury—(i) as a reserve for United States notes and Treasury notes of 1890—$156,039,431 in gold bullion; (ii) as security for Treasury notes of 1890—an equal dollar amount in standard silver dollars (these notes are being canceled and retired on receipt); (iii) as security for outstanding silver certificates—silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates; and (iv) as security for gold certificates—gold bullion of a value at the legal standard equal to the face amount of such gold certificates. Federal Reserve notes are obligations of the United States and a first lien on all the assets of the issuing Federal Reserve Bank. Federal Reserve notes are secured by the deposit with Federal Reserve agents of a like amount of gold certificates or of gold certificats and such discounted or purchased paper as is eligible under the terms of the Federal Reserve Act, or, until June 30, 1943, of direct obligations of the United States if so authorized by a majority vote of the Board of Governors of the Federal Reserve System. Federal Reserve banks must maintain a reserve in gold certificates of at least 40%, including the redemption fund which must be deposited with the Treasurer of the United States, against Federal Reserve notes in actual circulation. "Gold certificates" as herein used includes credits with the Treasurer of the United States payable in gold certificates. Federal Reserve bank notes and National bank notes are in process of retirement.

IBA Governors Oppose Tax On Municipals

The Board of Governors of the Investment Bankers Association, at its regular winter meeting in Chicago on March 4, adopted a resolution declaring its opposition to any attempt to tax outstanding "tax exempt" securities and also voiced its objection to Federal taxation of future issues of State and municipal securities. The Governors' resolution also stated that efforts to gain power over the States by any means other than a constitutional amendment would be disturbing and detrimental to the financial interests of the States and their governmental units.

The text of the resolution follows:

Whereas: At all times, and especially in a critical period, it is of paramount importance that the Government promote and maintain a strong spirit of patriotism and unity among all groups of our people and between all units of our government; and preserve our established form of constitutional government;

Now, Therefore, Be It Resolved by the Board of Governors of the Investment Bankers Association of America that it:

1. Asserts its opposition to any attempt to tax outstanding "tax exempt" securities; such an attempt will shake public confidence in the good faith of the Government and its respect for assurances, pledges and the sanctity of obligations;
2. Is opposed to Federal taxation of future issues of State and municipal securities until and unless authorized by constitutional amendment;
3. Considers as disturbing and detrimental to the financial operations and other interests of the States and their governmental units efforts to gain power over the States by any means other than a constitutional amendment.

Seaboard Study Ready

L. H. Rothchild & Co., 11 Wall Street, New York City, announce that they are preparing a comprehensive study of Seaboard All-Florida 6s, 1935. Copies will gladly be sent to brokers and dealers who desire them. This study will also include a map showing the Seaboard All-Florida Railway lines, other lines of the Seaboard Air Line Railway, as well as other railway lines in Florida.

Our Reporter On "Governments"

The Government market deserves a rest, needs one badly, as a matter of fact. . . . And the chances are it's going to get one during these next few days, for this is the income-tax period and this week and next, the Government mart is going to be under the influence of forces that have little to do with prices, the attractiveness of specific issues, the activities of dealers, etc. . . . It's going to be under the influence of the "tax date"—and that should give it a breathing spell at the least, cause a moderate decline in prices, at the most. . . .

There's little possibility of any large-scale bank buying of Governments for the time being. . . . The banks, both savings and commercial, will be too busy watching their withdrawals for tax payments, arranging loans to corporate and individual borrowers needing additional cash to turn over to the Internal Revenue Department. . . .

As for the insurance companies, there also is little probability that they'll be active purchasers during this upset period. . . . The insurance companies aren't moving fast these days. . . . They're sitting back, examining their positions, deciding the outlook for the spring months on the foreign front. . . .

On the technical side, the Government mart's position isn't especially attractive. . . . Last week, prices ran up sharply. . . . Tax-exempts went through some violent fluctuations following Secretary Morgenthau's testimony before the House Ways & Means Committee. . . . The dealers are reported mostly on the long side of the market. . . . Short selling hasn't been heavy recently. . . . And so, a decline resulting from technical factors wouldn't be out of the way. . . .

Looking at the market coldly at this writing, therefore, the weight seems to be on the downside. . . . Not an important decline, but one ranging to ¼ or ¾ of a point, to offset the rise of late February and early March. . . . This doesn't appear an attractive time to rush in and buy securities on balance. . . . Switches, of course—particularly the switches recommended in this column in the last two weeks, for those still appear excellent. . . . But that might be the limit of operations for the time being, according to informed sources on market movements. . . .

Borrowing

Morgenthau has asked Congress to raise the debt limit from $65,000,000,000 to $125,000,000,000. . . . The top figure isn't a surprise, of course. . . . If anything, it's surprising that he didn't ask for removal of the limit altogether. . . . It would be a sensible move generally and one that would stand a good chance during a time of this kind. . . .

However, the fact is Morgenthau set a maximum. . . . And the second fact is his request will be granted. . . . What is significant, then, is not this development, but the implications of other statements he made before Congress last week. . . .

Said Morgenthau: the debt will rise to $70,600,000,000 by June 30. . . . It will rise to $110,000,000,000 by June 3, 1943. . . . "It is anticipated that the borrowing authority (now the margin is $1,400,000,000) will be insufficient to cover the debt issues that will be required during the month of April." . . .

In other words, we can look for tremendous borrowings in the open market between now and June. . . . We can look for a major issue in April, next month. . . . For not by the wildest stretch of the imagination could we expect defense bond sales to raise the debt from the present level to $70,600,000,000 by June 30. . . . That's a more than $6,000,000,000 jump—meaning, to repeat, huge borrowing in the open market between now and summer. . . .

A "Fluctuating" Coupon

There's an important story around that Morgenthau and his assistants are considering adopting an issue with a fluctuating coupon. . . . A coupon that would be changed every six months, say, to conform with the price level on long-term Governments. . . . The idea is getting serious consideration, has a good chance at adoption in some form, according to authorities. . . .

It may be combined with plans for a tap issue to be sold to banks, it is added. . . . Securities would be available for bank purchase at any time, would be sold with a set coupon, subject to change at dates to be fixed in advance. . . . Ajustable coupon idea seems to be original. . . . It hasn't any precedent in any other major country, it is reported. . . .

Inside The Market

Pessimistic sentiment seems to be gaining in Wall Street, due to income tax time plus approach of the spring season plus reports on the tax bill and bank positions. . . .

Several large dealers getting bearish, according to best indications. . . .

Another inside story is that people in authoritative positions in Washingfton are advising Morgenthau to let the market seek its own level and to abandon his pet idea of holding it at 2½% for longest-term Governments. . . . Feeling is Treasury should not have to maintain record-low borrowing rate at a time of such huge borrowings and such crisis. . . .

If story gains circulation, it could hurt the market. . . . Things of this kind "feed upon themselves." . . .

Major switch from taxables to tax-exempts still excellent plan, if you can manage it. . . .

Specific switches out of the 2s of 1955/51 and into the 2¼s of 1955/52 and out of the 2½s of 1954/52 or the 2½s of 1958/56 and into the 2¼s of 1955/52 still indicated too. . . . Get in on these before they disappear. . . .

One of the smartest dealers in the Street is following a policy of "only selling short. I'm not buying on the dips but I'm selling on the rallies." . . .

"The Ides of March" may not be so important but the coming spring weather is. . . . Activity in the war front then may disturb market. . . . Portfolio managers are planning accordingly. . . .

Government control devices are so powerful and many, though, that important decline in market could and would occur only with Treasury acceptance. . . . And that's where the other rumors come in. . . .

Gaylord Cummin Now At Tucker, Anthony

Gaylord C. Cummin has become associated with Tucker, Anthony & Co., 120 Broadway, New York City, members of the New York and Boston Stock Exchanges, in their municipal bond department, where he will interest himself in special municipal situations, institutional distributions and municipal research. Mr. Cummin was previously for many years with Reynolds & Company as adviser in municipal finance; prior thereto he was President of The Municipal Security Service.

Giblin To Be Partner In Hornblower-Weeks

Walter M. Giblin, member of the New York and Chicago Stock Exchanges, will become a partner in Hornblower & Weeks, 40 Wall Street, New York City, members of the New York Exchange and other leading national exchanges, on March 16th. Mr. Giblin has been active as an individual floor broker in New York and prior thereto was with Hornblower & Weeks and was a partner in Paul H. Davis & Co.

Jo M. French Gets Air Corps Commission

Jo M. French, manager of the New York office of Alex. Brown & Sons, 2 Wall Street, has received his commission as a captain in the Army Air Corps.

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.

N. J. Central Prospects

An interesting study has been prepared by Leroy A. Strasburger & Co., 1 Wall Street, New York City, outlining the prospects of Central Railroad of New Jersey and discussing current and potential values of its securities. Copies of the study may be had from Leroy A. Strasburger & Co. upon request.