Final Edition | THURSDAY | In 2 Sections — Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

(Reg. U. S. Pat. Office)

Volume 155 Number 4056 | New York, N. Y., Thursday, March 19, 1942 | Price 60 Cents a Copy

Municipal Bond Tax Proposal Seen Threat To State Autonomy

In view of the current interest evinced in investment circles on the question of taxing the income from State and municipal bonds, we reprint below a letter dealing with a particular phase of the subject prepared by J. Austin White, President of J. A. White & Co., Union Central Building, Cincinnati:

In this proposal to allow the Federal Government to tax the income from state and municipal bonds, there is more than at first meets the eye.

One who has given even a few moments of thought to the trend of Government in America during the past ten years, can scarcely escape the conclusion that there are in Washington certain individuals who feel that the day of independent and sovereign state rights has passed, or will pass if these individuals have their way. They would have us believe, it seems, that the old idea of American Government under the Constitution must give way to a new conception of an all-powerful central government whereunder all control emanates from Washington.

To this group in Washington, who, we must admit, carry no small weight in determining the policies of this National Administration, and who will carry ever increasing weight if the American people be denied, through the pretense of war, their fundamental right to criticize constructively — to these individuals, it would appear that any form of government that restricts the field of operation of the National Government and reserves certain fields to the States, is an unacceptable form of government and must be done away with. What is the meaning of "States rights" to them? What is the meaning of "sovereign States," of "local government" to them?

It is not necessary to question the claim that the Federal Government would derive $200,000,000 income from taxing both future and outstanding issues of State and municipal bonds. It is not necessary to point out that $175,000,000 more in taxes would have to be paid by State and local taxpayers to make up for the increased cost of financing school buildings, streets, sewers, poor relief and the myriad other governmental functions financed with bond issues. It is not necessary to point out that subjecting the income from municipal bonds already outstanding, that have been bought and sold for decades with the understanding that they were exempt from the Federal Income Tax Collector, would be an unethical breach of faith that it would be hard to find equalled even during the past 10 years. It is not necessary to point out that even the figures of the Treasury Department itself show that a very small portion of the total State and municipal bonds outstanding is held by wealthy individuals, and rather that by far most of such bonds are owned by banks, insurance companies, sinking funds, trust funds, retirement systems, etc. It is not necessary to point out that the income from taxing only future issues would be negligible for many years to come.

It is necessary only to appreciate the full consequences of this proposal, and how it fits into a general scheme of establishing in

(Continued on Page 1136)

INDEX

OUR REPORTER'S REPORT

The recent comparative lull in new underwriting activity has provided some of the older firms in the business with an opportunity to do some "fence-mending," so to speak, with their out-of-town contacts.

Moreover, a good deal of effort has been directed toward getting operating expenses into line with prospective new conditions. Despite some improvement in the tenor of the high-grade market, it is evidently the widely held conviction that the fast-moving refunders, which have provided the main fare in recent years, are likely to prove the exception rather than the rule for some time to come.

Accordingly the more aggressive houses in the business have been inclined toward getting themselves in shape to handle new money issues which, while smaller in amounts, require greater selling effort than is the case in refunders.

The reshaping of programs, it was pointed out, in one quarter, is reviving emphasis on the need for gearing facilities to render advisory service to greater numbers of moderate-sized investors who are scattered throughout the country.

The investment banking business, prior to the flood of huge refundings, in the era following the setting up of the New Deal and its easy money policy, was built up on small sales, averaging $2,500 or less. But in the refunding period, the average worked out above $20,000.

Small Investors Active

That firms pointing in the direction of the smaller investor are on the right track appears evi-

(Continued on Page 1138)

War Must Be Financed So Credit Structure Of Country Will Not Be Destroyed, Says ABA

Financing of the war must be done in a way that will not destroy the credit structure of the country, bankers attending the Credit Clinic of the American Bankers Association at the Waldorf-Astoria here were told by A. L. M. Wiggins, Second Vice-President of the American Bankers Association and Chairman of its Committee on Federal Legislation. Mr. Wiggins is President of the Bank of Hartsville, at Hartsville, S. C.

In turning to the subject of legislation, Mr. Wiggins stated the position of the A.B.A. on the provisions of the War Powers Bill under which the Reserve System may purchase Government bonds directly from the Treasury, and said:

This principle of direct government financing by a central bank is repugnant to every sense of sound financing, in peacetime. It is a dangerous program even in wartime. It is one of the final resorts of government in the face of financial disaster. The A.B.A. has consistently opposed the granting of such authority in peacetime. However, under the stern threats that arise out of a war economy in 1942, it must be recognized that situations may develop when such powers are needed and must be exercised quickly. There might be too little time after a bombing of Washington or New York for Congress to pass legislation granting powers that might be desperately needed at the moment. The maintenance of government credit, the free flow of funds and the protection of the market for government securities is too vital to the success of the war to be imperiled by unforeseen developments. It was only after careful consideration and deliberation by the Interim Committee that the decision was reached that the American Bankers Association should not oppose this grant of authority, limited to the war period.

He also stated that the A.B.A. is opposed to proposals to federalize unemployment compensation insurance as reflected in the War Displacement Benefits Bill.

The real program to nationalize or federalize unemployment compensation insurance has not yet reached the legislative stage but may turn up at any time. Unemployment compensation should be handled on a State and not a national basis. Whatever inequalities and objectionable features there may be in the present State unemployment compensation systems, the provisions for merit ratings are good. Nationalizing the system is not a cure for the undesirable features and will destroy the merit rating plan. Types of business, such as banks, that maintain continuous and full employment should receive the benefits of an unemployment insurance rate that reflect such stabilized employment. Inasmuch as this federalizing proposal will take away from the States their present powers to provide merit ratings, this matter is one which might well engage the serious attention of State bankers associations. The A.B.A. has followed closely the development of this proposal and will continue its efforts to have the States retain their control and management of unemployment compensation insurance.

Mr. Wiggins reiterated the opposition of the A.B.A. to proposals that the Federal Reserve System be given authority to regulate the reserves of non-member State banks, and he declared that the A.B.A. is opposed to the proposal to remove the tax exemption on existing State and municipal bonds.

NYSE Philatelists To Hold Stamp Exhibit

The Stock Exchange Philatelic Society will hold its Seventh Annual Stamp Exhibition in conjunction with the 150th Anniversary of the New York Stock Exchange during the week of May 18.

It is planned to have about three hundred frames on exhibition, and entries are open to members of business stamp clubs in the metropolitan area. Entry blanks may be obtained from Frank W. Kirk, James E. Bennett & Co., 50 Broadway, New York City.

The society is also sponsoring a bi-colored printed cachet cover to commemorate this event on May 17, 1942. Any and all profit derived from the sale of these covers will be donated to a War Service Organization. The price is ten cents each or twelve for one dollar.

Crane, McMahon Dissolve

CHICAGO, ILL.—Crane, McMahon & Co., 209 South La Salle Street, members of the New York Stock Exchange, is dissolving as of March 31. Charles A. Crane, senior partner of the firm will retire from La Salle Street temporarily.

Weedon Commissioned In Chemical Branch

Sidney L. Weedon, Vice-President in Charge of Sales of Hugh W. Long and Co., is withdrawing from the securities business as of April 1, 1942, to accept a commission in the Army. He has been appointed a Major in the Chemical Warfare Service and reports for duty in Washington on Mar. 20th. During World War I Major Weedon saw service in France as a Lieutenant in the same branch of service.

Sidney L. Weedon

Mr. Weedon has been associated with the Long Company since its inception in July, 1936, first as a District and Syndicate Manager. For the past three years he has been in charge of sales and is widely known among investment dealers and salesmen throughout the eastern, southern, southwestern and middle-western States.

Boston S. E. Ups Rates; N. Y. Curb Considers

New schedules of non-member commission rates went into effect on the Boston Stock Exchange on Mar. 16.

In is understood that the New York Curb Exchange is also studying the problem of higher commission rates and will soon take some action.

A. O. Figge Now V.-P. Of Remer Mitchell Co.

CHICAGO, ILL.—Remer, Mitchell & Reitzel, Inc., 208 South La Salle Street, announce that A. O. Figge has become associated with them as Vice-President. Mr. Figge for many years was President of A. O. Figge & Co.

So. Municipal Dinner

The Southern Municipal Association will hold a meeting and dinner at Oscar's Oldelmonico Restaurant, 56 Beaver Street, New York City, Friday night March 20, 1942.

Cgo S. E. Commission Raised; New Appointee

CHICAGO, ILL.—The Board of Governors of the Chicago Stock Exchange voted to amend the commission rules of the Exchange to conform to the increase in rates on the New York Stock Exchange which became effective on March 16. The new rates became effective on the Chicago Stock Exchange at the same time.

The Board accepted, with sincere regret, the resignation of Ralph W. Davis as a member of the Board and as Chairman of the Executive Committee. Mr. Davis is soon to take a leave of absence from his firm, Paul H. Davis & Co., to assist Thomas Courtney, President of the Northern Illinois Corporation of De Kalb, which corporation will operate a manufacturing defense unit under a sub-contract from Burgess-Norton Co. of Geneva, of which Mr. Davis is a director.

Lyman Barr, a partner of Paul H. Davis & Co., was elected to the Board to succeed Mr. Davis, to serve until the annual election next June.

Harry M. Payne was appointed Chairman of the Executive Committee and Alfred E. Turner was appointed a member of the Executive Committee to succeed Mr. Davis. John C. Stewart, present Vice-Chairman, succeeds Mr. Turner as Chairman of the Committee on Floor Procedure, and Hugh H. Wilson succeeds Mr. Stewart as Vice-Chairman of the Floor Committee.

Group Named To Draft Securities Act Changes

Appointment of a House subcommittee to draft amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934 was announced on March 16 by Representative Lea (Dem., Calif.), Chairman of the House Interstate Commerce Committee. The sub-committee will be headed by Mr. Lea and will include Representatives Cole (Dem., Md.), Crosser (Dem., Ohio), Wadsworth (Rep., N. Y.), and Paddock (Rep., Ill.).

As the basis of its work it will use the voluminous record of hearings conducted last year on changes in the two acts recommended by the New York Stock Exchange and the New York Curb Exchange, the Securities and Exchange Commission and representatives of the brokerage business, according to the Associated Press.

Pullman Rate Increase Authorized by ICC

The Interstate Commerce Commission on March 13 authorized the Pullman Company to increase its rates, fares and charges by 10%, said increase to become effective ten days after filing the necessary tariffs. The Commission found existing fares of the company to be inadequate, in view of wage increases and the monopolization of approximately 20% of the company's rolling stock by the Army and Navy for troop movements.

On the basis of 1941 earnings, it was estimated that the 10% increase would produce additional gross revenue of $6,171,186, of which $2,979,517 would be payable to railroads under operating contracts and $989,417 as additional income taxes, leaving to the Pullman Co. a net increase of about $2,202,252.

The Commission stated that because of the uncertainty as to the future volume of troop movements, the Pullman Co. felt unable to make any intelligent estimate as to the probable traffic volume or gross revenue in 1942 as compared with previous years. The Commission said the Pullman Co. does estimate, however, that there probably will be a slight decrease, or at least no increase in civilian travel and that troop movements will most likely increase. Because of the relatively low rates at which troops on government order move, the irregularity of the service and the large proportion of idle time to which the cars in that service are ordinarily subjected, the profit, if any, from that service is small, the Pullman Co. stated in its petition. Accordingly, the Commission said, it is a fair estimate that while the Pullman Co.'s gross revenue in 1942 under present rates might be somewhat greater than that in 1941, its net operating income would probably be somewhat less.

Morgan Asks Federal Reserve Membership

J. P. Morgan & Co. Incorporated has applied for membership in the Federal Reserve System, it was reported on March 12.

The institution was incorporated as a State bank with trust powers on April 1, 1940, taking over the business conducted by the former private banking firm of J. P. Morgan & Co. Since its change to a commercial bank, it has been the largest bank in the country which is not a member of the Federal Reserve System. Total resources of J. P. Morgan & Co. Incorporated on Dec. 31, 1941 were listed at $749,725,411 and total deposits at $689,361,244.

Membership in the Reserve System automatically carries with it membership in the Federal Deposit Insurance Corporation. The FDIC assessment amounts to 1/12 of 1% of total deposits. The bank's membership in the Reserve System would also involve a subscription to Federal Reserve bank stock equal to 6% of its capital and surplus.

In February, for the first time in history, there was a public distribution of 16,500 shares of the Morgan & Co. stock at $206 a share, which represented 8¼% of the amount outstanding. The only purpose of this offering, it was said, was to further broaden the ownership of the stock. (see issue of Feb. 5, page 545).

On March 11 there was a further distribution of its stock, through a secondary distribution, of a block of 500 shares believed to be an accumulation of shares in the market from the February offering. The stock was priced at $198 per share, less a $6 dealer discount.

N. Y. Curb Unlisteds Not Exempt From Mo. Blue Sky

The recent exemption from registration in Missouri of securities which are fully listed on the New York Curb Exchange does not apply to securities which are admitted to unlisted trading privileges, Russell Maloney, Missouri Commissioner of Securities, has advised all registered Missouri dealers. Under no circumstances Mr. Maloney points out, must solicitation of such unlisted securities be made in Missouri unless same have also been registered in the Missouri Securities Department.

The exemption from Missouri Blue Sky laws granted to fully listed Curb securities was reported in our issue of March 5, page 939.

Searing, Wilson To Be Robt. Winthrop Partners

Joseph P. Searing and Richard B. Wilson will be admitted to partnership in Robert Winthrop & Co., 20 Exchange Place, New York City, members of the New York Stock Exchange, on April 1. Mr. Searing has been with the firm for some time as manager of the bond department.

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, March 19, 1942

Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]

Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter 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.

Freight Rate Increase Postponement Denied

The Interstate Commerce Commission on March 16 denied the petition of the Office of Price Administration, dated March 11, 1942, seeking postponement of the effective date of the freight rate increases on ten commodity groups from March 18 to April 15, 1942 (see "Commercial and Financial Chronicle" of March 12, page 1048).

The commodities included: Cement (natural and Portland); copper ores and concentrates; iron and steel scrap, not copper clad; lead ores and concentrates; lumber and lumber products as from the saw or planing mill, including logs, piling, poles, spars and ties, but not including finished products; non-ferrous scrap (copper and lead, including scrap battery plates); petroleum and petroleum products (crude petroleum, gasoline, liquidified petroleum gases, tractor distillates, and similar distillate type motor fuel other than gasoline, kerosene, including range oil or stove oil, distillate burning, heating or fuel oils, diesel fuel oils, residual burning or heating fuel oils, lubricating oils, including motor aviation and stock oils, and asphalt and asphalt products); rubber scrap; and crude sulphur.

On the basis of 1941 traffic, the freight rate increases are estimated to yield the railroads in 1942 approximately $203,000,000.

B. & M. Highlights

"Highlights on Boston & Maine for 1942," a descriptive booklet discussing the current situation in issues of the Boston & Maine Railroad, with particular emphasis on the first preferred stocks, has been prepared for distribution by Clark, Kohl & Eyman, 55 Liberty Street, New York City, from whom copies may be obtained upon request.

Phila. Bond Club To Welcome SEC To City

PHILADELPHIA, PA. — Members of the Bond Club of Philadelphia will formally welcome to this city members of the Securities and Exchange Commission at the club's luncheon today at the Bellevue-Stratford Hotel when Ganson Purcell, Chairman of the Commission, will be guest speaker. He will address the club on the "Outlook for the Investment Banking Business."

All members of the commission are expected to be present as guests of the club. Besides Mr. Purcell they are: Robert E. Healy, Sumner T. Pike, Robert H. O'Brien and Edmund Burke, Jr.

The luncheon will provide the first opportunity for any group of the Philadelphia investment community to meet the members of the commission, which has just moved its headquarters to Philadelphia from Washington, D. C. as part of the war time measure for decentralizing Federal government agencies.

Walter C. Miller, R. A. Cox and J. Myron Honigman, members of the Pennsylvania Securities Commission, I. G. Myers, Secretary and Hardie Scott, Counsel of the commission, and Mayor Bernard Samuel are expected to attend the luncheon to join members of the Bond Club in welcoming the SEC commissioners.

The luncheon will be presided over by Arthur S. Burgess, President of the club.

A substantial portion of the approximately 1,200 members of the staff of the SEC has already been installed in the commission's new quarters in the Penn Athletic Club Building on Rittenhouse Square, which has been taken over for that purpose. The five members of the commission are expected to officially occupy their quarters within the next few days.

Annual Meeting For Pittsburgh Bond Club

PITTSBURGH, PA.—The annual meeting of the Bond Club of Pittsburgh will be held on March 26 at 7:00 p.m. at the Pittsburgh Athletic Association. Election of officers will be held and reports for the year will be read; several matters of vital importance under "new business" will also be presented to and discussed with the members.

Following the meeting a party will be held in the Annex of the Athletic Association with the usual refreshments, including the oyster bar. The facilities of the Club such as bowling, swimming, cards, etc., will be available to the members at their own expense.

Guests, $3.50; no charge to members.

Veron To Manage Real Estate Dept. For Dunne

Dunne & Co., 30 Broad Street, New York City, announce that N. Edward Veron is now associated with them as manager of their real estate securities department. Mr. Veron was formerly with Snow & Co., Inc., Termini & Co., Mortgagee Distributors Corp. and for 20 years was in business for himself handling real estate mortgages and practicing law.

Irving Manney Is Now With Eisele & King

Irving Manney has become associated with Eisele & King, members of the New York Stock Exchange, 39 Broadway, New York City, in their trading department. Mr. Manney was formerly a partner in Manney & Greene.

N.A.S.D. Queries Its Members On Everything Except Aunt Fanny

The National Association of Securities Dealers, Inc. has just sent an extensive questionnaire to its members to ascertain their capital strength, practices pursued with respect to handling customers' securities and cash, method of confirming transactions, information regarding personnel, volume of business transacted, et cetera. (This means just about everything except whether or not Aunt Fanny has halitosis or b. o.)

The fact that the N.A.S.D. is going into the capital strength of its members would seem to indicate that they are falling for the long exploded theory that money and integrity are synonymous. This of course is defintely not the case.

The truth of the matter is that the character of business conducted by many investment houses does not necessitate their having more than a nominal amount of capital.

Incidentally, if the N.A.S.D. is truly a self-policing organization, as originally contended, why shouldn't their members, big and little alike, have some voice in deciding whether it is essential in the public interest that they supply a million and one particulars regarding themselves, before they are told they must fill out an extensive questionnaire as they're now being asked to do?

Outlook For Rails

In a discussion on the outlook for railroad bonds given before a group of representatives of banks and other financial institutions in Palm Beach, Florida, Patrick B. McGinnis of the New York Stock Exchange firm of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, declared that in his opinion, railroads will not lose any more business to trucking companies which up to the present time have been their chief competition. He said that over a period of time trucks are going to become poor risks for private capital.

Mr. McGinnis pointed out that in 1939, the railroad industry as a whole did a gross business amounting to $4,300,000,000 and that this year, they will probably do a gross of $5,100,000,000. He said that railroads are the largest private business in the country and still handle 80% of all tonnage moved in the transportation industry.

In discussing income bonds, Mr. McGinnis said that they were being introduced into all railroad recapitalizations, and they could usually be bought at a tremendous discount. If railroads earn the interest, it has to be paid, he continued. "With income bonds," he said, "you don't have to worry about what the tax situation is, because the contingent interest comes before taxes and that, of course, is a novelty in investments these days."

In concluding, Mr. McGinnis urged his audience to take stock of their railroad security holdings and to take steps to profit by the present opportunities offered in this field.

H. Patton Visiting N. Y.

H. Stanley Patton of Timberlake & Company, Portland, Maine, is visiting in Wall Street.

In Armed Forces

William O. Evans, who has been with Hallgarten & Co., 44 Wall Street, New York City, for the past fifteen years in charge of their Fiscal Agency Department, is reporting for duty with the U. S. Navy on March 16, 1942, as a Chief Yeoman. Mr. Evans was formerly with the U. S. Navy for about eight years in that capacity.

Morton S. Webster of Stern, Lauer & Co., 30 Pine Street, New York City, has taken leave of absence to accept an appointment as Lieutenant in the U. S. N. R., and will serve on the Naval Aviation Cadet Selection Board in New York.

Dudley N. Schoales, Blyth & Co., Inc., 14 Wall Street, New York City, has left for Washington where he will be on the staff of the Under-Secretary of the Navy.

Paul M. Rosenthal, Ladenburg, Thalmann & Co., 25 Broad Street, New York City, has received a commission as Lieutenant in the Coast Guard and will report for active duty in about a week.

Maintaining A Balance

"Maintaining a Balance" is the title of the March Bulletin of Putnam & Co., 6 Central Row, Hartford, Conn. It points out why investors should buy United States Defense Bonds and also why they should support the market for other securities. Copies of the Bulletin may be had upon request from Putnam & Co.

N. Y. Bond Club To Hear

Ernest E. Norris, President of the Southern Railway Company, will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on March 25. J. Taylor Foster, President of the Bond Club, will preside at the luncheon.

Harper, Wegusen With Straus In Gr. Rapids

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH.— Straus Securities Co. announce the association with them of Randall W. Harper, Louis Wegusen, Schuyler M. Raber, Albert E. Harper, Paula Rice, Wayne R. Rice, G. B. Takens and Marguerite M. Marple. All were formerly of Harper, Wegusen & Yonkman, Inc., of which Messrs. Harper and Wegusen were officers. Straus Securities Co. will take over the former offices of Harper, Wegusen & Yonkman in the Federal Square Building, establishing a new branch of the firm in this city.

N. Y. Military Academy Alumni Ass'n Elects

The Board of Governors of the New York Military Academy Alumni Association elected the following officers for the ensuing year:

Chairman of the Board: Frank J. Reynolds; President of Albert Frank-Guenther Law, Inc. President: William Lamb of the law firm of Charles Lamb. Vice-President: John G. Shattuck, Vice-Pres. of Frank G. Shattuck Co. (Schrafft's), Secretary-Treasurer: B. W. Pizzini of B. W. Pizzini & Co.

COMMERCIAL and FINANCIAL CHRONICLE
Reg. U. S. Patent Office
William B. Dana Company
Publishers
25 Spruce Street, New York
BEekman 3-3341
Herbert D. Seibert,
Editor and Publisher
Frederick W. Jones, Managing Editor
William Dana Seibert, President
William D. Riggs, Business Manager
Thursday, March 19, 1942
Published twice a week [every Thursday (general news and advertising issue) with a statistical issue on Monday]
Other offices: Chicago—In charge of Fred H. Gray, Western Representative, Field Building (Telephone State 0613). London—Edwards & Smith, 1 Drapers' Gardens, London, E.C.

Reentered as second-class matter 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.

Freight Rate Increase Postponement Denied

The Interstate Commerce Commission on March 16 denied the petition of the Office of Price Administration, dated March 11, 1942, seeking postponement of the effective date of the freight rate increases on ten commodity groups from March 18 to April 15, 1942 (see "Commercial and Financial Chronicle" of March 12, page 1048).

The commodities included: Cement (natural and Portland); copper ores and concentrates; iron and steel scrap, not copper clad; lead ores and concentrates; lumber and lumber products as from the saw or planing mill, including logs, piling, poles, spars and ties, but not including finished products; non-ferrous scrap (copper and lead, including scrap battery plates); petroleum and petroleum products (crude petroleum, gasoline, liquidified petroleum gases, tractor distillates, and similar distillate type motor fuel other than gasoline, kerosene, including range oil or stove oil, distillate burning, heating or fuel oils, diesel fuel oils, residual burning or heating fuel oils, lubricating oils, including motor aviation and stock oils, and asphalt and asphalt products); rubber scrap; and crude sulphur.

On the basis of 1941 traffic, the freight rate increases are estimated to yield the railroads in 1942 approximately $203,000,000.

B. & M. Highlights

"Highlights on Boston & Maine for 1942," a descriptive booklet discussing the current situation in issues of the Boston & Maine Railroad, with particular emphasis on the first preferred stocks, has been prepared for distribution by Clark, Kohl & Eyman, 55 Liberty Street, New York City, from whom copies may be obtained upon request.

Phila. Bond Club To Welcome SEC To City

PHILADELPHIA, PA. — Members of the Bond Club of Philadelphia will formally welcome to this city members of the Securities and Exchange Commission at the club's luncheon today at the Bellevue-Stratford Hotel when Ganson Purcell, Chairman of the Commission, will be guest speaker. He will address the club on the "Outlook for the Investment Banking Business."

All members of the commission are expected to be present as guests of the club. Besides Mr. Purcell they are: Robert E. Healy, Sumner T. Pike, Robert H. O'Brien and Edmund Burke, Jr.

The luncheon will provide the first opportunity for any group of the Philadelphia investment community to meet the members of the commission, which has just moved its headquarters to Philadelphia from Washington, D. C. as part of the war time measure for decentralizing Federal government agencies.

Walter C. Miller, R. A. Cox and J. Myron Honigman, members of the Pennsylvania Securities Commission, I. G. Myers, Secretary and Hardie Scott, Counsel of the commission, and Mayor Bernard Samuel are expected to attend the luncheon to join members of the Bond Club in welcoming the SEC commissioners.

The luncheon will be presided over by Arthur S. Burgess, President of the club.

A substantial portion of the approximately 1,200 members of the staff of the SEC has already been installed in the commission's new quarters in the Penn Athletic Club Building on Rittenhouse Square, which has been taken over for that purpose. The five members of the commission are expected to officially occupy their quarters within the next few days.

Annual Meeting For Pittsburgh Bond Club

PITTSBURGH, PA.—The annual meeting of the Bond Club of Pittsburgh will be held on March 26 at 7:00 p.m. at the Pittsburgh Athletic Association. Election of officers will be held and reports for the year will be read; several matters of vital importance under "new business" will also be presented to and discussed with the members.

Following the meeting a party will be held in the Annex of the Athletic Association with the usual refreshments, including the oyster bar. The facilities of the Club such as bowling, swimming, cards, etc., will be available to the members at their own expense.

Guests, $3.50; no charge to members.

Veron To Manage Real Estate Dept. For Dunne

Dunne & Co., 30 Broad Street, New York City, announce that N. Edward Veron is now associated with them as manager of their real estate securities department. Mr. Veron was formerly with Snow & Co., Inc., Termini & Co., Mortgagee Distributors Corp. and for 20 years was in business for himself handling real estate mortgages and practicing law.

Irving Manney Is Now With Eisele & King

Irving Manney has become associated with Eisele & King, members of the New York Stock Exchange, 39 Broadway, New York City, in their trading department. Mr. Manney was formerly a partner in Manney & Greene.

N.A.S.D. Queries Its Members On Everything Except Aunt Fanny

The National Association of Securities Dealers, Inc. has just sent an extensive questionnaire to its members to ascertain their capital strength, practices pursued with respect to handling customers' securities and cash, method of confirming transactions, information regarding personnel, volume of business transacted, et cetera. (This means just about everything except whether or not Aunt Fanny has halitosis or b. o.)

The fact that the N.A.S.D. is going into the capital strength of its members would seem to indicate that they are falling for the long exploded theory that money and integrity are synonymous. This of course is definitely not the case.

The truth of the matter is that the character of business conducted by many investment houses does not necessitate their having more than a nominal amount of capital.

Incidentally, if the N.A.S.D. is truly a self-policing organization, as originally contended, why shouldn't their members, big and little alike, have some voice in deciding whether it is essential in the public interest that they supply a million and one particulars regarding themselves, before they are told they must fill out an extensive questionnaire as they're now being asked to do?

Outlook For Rails

In a discussion on the outlook for railroad bonds given before a group of representatives of banks and other financial institutions in Palm Beach, Florida, Patrick B. McGinnis of the New York Stock Exchange firm of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, declared that in his opinion, railroads will not lose any more business to trucking companies which up to the present time have been their chief competition. He said that over a period of time trucks are going to become poor risks for private capital.

Mr. McGinnis pointed out that in 1939, the railroad industry as a whole did a gross business amounting to $4,300,000,000 and that this year, they will probably do a gross of $5,100,000,000. He said that railroads are the largest private business in the country and still handle 80% of all tonnage moved in the transportation industry.

In discussing income bonds, Mr. McGinnis said that they were being introduced into all railroad recapitalizations, and they could usually be bought at a tremendous discount. If railroads earn the interest, it has to be paid, he continued. "With income bonds," he said, "you don't have to worry about what the tax situation is, because the contingent interest comes before taxes and that, of course, is a novelty in investments these days."

In concluding, Mr. McGinnis urged his audience to take stock of their railroad security holdings and to take steps to profit by the present opportunities offered in this field.

H. Patton Visiting N. Y.

H. Stanley Patton of Timberlake & Company, Portland, Maine, is visiting in Wall Street.

In Armed Forces

William O. Evans, who has been with Hallgarten & Co., 44 Wall Street, New York City, for the past fifteen years in charge of their Fiscal Agency Department, is reporting for duty with the U. S. Navy on March 16, 1942, as a Chief Yeoman. Mr. Evans was formerly with the U. S. Navy for about eight years in that capacity.

Morton S. Webster of Stern, Lauer & Co., 30 Pine Street, New York City, has taken leave of absence to accept an appointment as Lieutenant in the U. S. N. R., and will serve on the Naval Aviation Cadet Selection Board in New York.

Dudley N. Schoales, Blyth & Co., Inc., 14 Wall Street, New York City, has left for Washington where he will be on the staff of the Under-Secretary of the Navy.

Paul M. Rosenthal, Ladenburg, Thalmann & Co., 25 Broad Street, New York City, has received a commission as Lieutenant in the Coast Guard and will report for active duty in about a week.

Maintaining A Balance

"Maintaining a Balance" is the title of the March Bulletin of Putnam & Co., 6 Central Row, Hartford, Conn. It points out why investors should buy United States Defense Bonds and also why they should support the market for other securities. Copies of the Bulletin may be had upon request from Putnam & Co.

N. Y. Bond Club To Hear

Ernest E. Norris, President of the Southern Railway Company, will address the Bond Club of New York at its next luncheon meeting to be held at the Bankers Club on March 25. J. Taylor Foster, President of the Bond Club, will preside at the luncheon.

Harper, Wegusen With Straus In Gr. Rapids

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH.—Straus Securities Co. announce the association with them of Randall W. Harper, Louis Wegusen, Schuyler M. Raber, Albert E. Harper, Paula Rice, Wayne R. Rice, G. B. Takens and Marguerite M. Marple. All were formerly of Harper, Wegusen & Yonkman, Inc., of which Messrs. Harper and Wegusen were officers. Straus Securities Co. will take over the former offices of Harper, Wegusen & Yonkman in the Federal Square Building, establishing a new branch of the firm in this city.

N. Y. Military Academy Alumni Ass'n Elects

The Board of Governors of the New York Military Academy Alumni Association elected the following officers for the ensuing year:

Chairman of the Board: Frank J. Reynolds, President of Albert Frank-Guenther Law, Inc. President: William Lamb of the law firm of Charles Lamb. Vice-President: John G. Shattuck, Vice-Pres. of Frank G. Shattuck Co. (Schrafft's), Secretary-Treasurer: B. W. Pizzini of B. W. Pizzini & Co.

DIVIDEND NOTICES

AMERICAN MANUFACTURING COMPANY
Noble and West Streets
Brooklyn, New York

The Board of Directors of the American Manufacturing Company has declared the regular quarterly dividend of $1.25 per share on the Preferred Stock and a dividend of 50c per share on the Common Stock of the Company. Both payable April 1, 1942 to stockholders of record March 9, 1942. The stock record books will be closed for the purpose of transfer of stock from March 10 to April 9, 1942.

ROBERT B. BROWN, Treasurer.

DIVIDEND NOTICE OF
THE ARUNDEL CORPORATION
Baltimore, Md.
March 17, 1942.

The Board of Directors of The Arundel Corporation has this day declared 25 cents per share as the regular quarterly dividend on the no par value stock of the Corporation issued and outstanding payable on and after April 1, 1942, to the stockholders of record on the Corporation's books at the close of business March 23, 1942.

JOSEPH N. SEIFERT, Secretary.

THE NEW YORK TRUST COMPANY
100 Broadway

The Board of Trustees has this day declared a quarterly dividend of 3½% ($0.87½ per share) on the Capital Stock of the Company, payable April 1, 1942, to stockholders of record at the close of business on March 21, 1942. The transfer books will not close.

HARRY F. LITTLEJOHN, Secretary
New York, March 17, 1942

THE GARLOCK PACKING COMPANY
March 17, 1942
COMMON DIVIDEND No. 263

At a regular meeting of the Board of Directors, held in Palmyra, N. Y., this day, a dividend of 75¢ per share was declared on the common stock of the Company, payable March 31, 1942, to stockholders of record at the close of business March 21, 1942.

R. M. WAPLES, *Secretary*

"Call for
PHILIP MORRIS"

New York, N. Y.
March 17, 1942.

Philip Morris & Co. Ltd. Inc.

A regular quarterly dividend of $1.06¼ per share on the Cumulative Preferred Stock, 4¼% Series, has been declared payable May 1, 1942 to Preferred Stockholders of Record at the close of business on April 15, 1942.

There also has been declared a regular quarterly dividend of 75¢ per share and an extra dividend of $2.00 per share on the Common Stock, payable April 15, 1942 to Common Stockholders of Record at the close of business on March 27, 1942.

L. G. HANSON, Treasurer.

THE WESTERN UNION TELEGRAPH CO.

New York, March 10, 1942
DIVIDEND NO. 260

A dividend of 50 cents a share on the capital stock of this company has been declared, payable April 15, 1942, to stockholders of record at the close of business on March 20, 1942.

G. K. HUNTINGTON, Treasurer.

UNDERWOOD ELLIOTT FISHER COMPANY

The Board of Directors at a meeting held March 12, 1942, declared a dividend for the first quarter of the year 1942 of 50c a share on the Common Stock of Underwood Elliott Fisher Company, payable March 31, 1942, to stockholders of record at the close of business March 23, 1942.

Transfer books will not be closed.

C. S. DUNCAN, Treasurer.

FINANCIAL NOTICE

NEW YORK AND HONDURAS ROSARIO MINING COMPANY
NOTICE OF
STOCKHOLDERS' ANNUAL MEETING

The Annual Meeting of the Stockholders of NEW YORK AND HONDURAS ROSARIO MINING COMPANY will be held at the office of the Company, at Rooms 1855-1859, No. 120 Broadway, New York, N. Y., on Wednesday, April 1st, 1942, at two o'clock P. M., to consider and act upon the following matters:

1. The election of ten Directors for the ensuing year, or until their successors are elected and qualified;
2. Continuing the employment of Ernst & Ernst as the Company's auditors;
3. To consider and take action upon the proposed amendment of Article III of the By-laws of the Company, by adding thereto Section 7 with respect to the indemnification of its directors in certain instances as set forth in said proxy statement;
4. The transaction of such other business as may properly come before the meeting, or any adjournment or adjournments thereof.

For the purpose of the meeting, the transfer books of the Company will be closed from noon, March 21st, 1942, until ten A. M., April 2nd, 1942.

BY ORDER OF THE BOARD OF DIRECTORS
J. PERLMAN, Secretary.
Dated March 18, 1942.

"Petroleum On Parade"

An attractive booklet entitled "Petroleum on Parade"—"The March of Civilization" has been compiled by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. The booklet, attractively illustrated, discusses the place of oil in the world of today, shows interesting diagrams of oil wells, gives tables of crude oil production and describes what oil royalties are.

Copies may be obtained from Tellier & Company on request.

N. Y. Stock Exchange Weekly Firm Changes

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

John F. Hughes, member of the Exchange, retired from partnership in R. L. Day & Co., Boston, Mass., on March 12. Mr. Hughes made his headquarters at the firm's New York office.

Alexander Falconer retired from partnership in L. S. Kerr & Co. as of March 2.

Samuel N. Goldberg, partner in Sutro Bros. & Co., New York City, died on March 11.

Robert MacDonald, Jr., partner in MacDonald & Co., Philadelphia, died on March 9.

Parana 7% Bond Payment

Chase National Bank announces that it has received, as special agent, funds with which to pay holders of State of Parana (Brazil) 7% external sinking fund consolidated gold bonds due Mar. 15, 1958, 13.325% of the face amount of coupons due Sept. 15, 1939. The payment amounts to $4.66375 for each $35 coupon and $2.331875 for each $17.50 coupon, and is in full payment of all interest claims. Payment of the interest may be obtained at the coupon paying division of the bank, 11 Broad Street, New York.

In accordance with this payment, the New York Curb Exchange's Committee on Security Rulings rules that transactions in the bonds on and after Mar. 17 shall be settled by delivery of bonds with the Mar. 15, 1932 to Mar. 15, 1934, inclusive, and Mar. 15, 1940 and subsequent coupons attached.

Seasonal Gains By Chains

Total chain store sales showed moderate seasonal gain in February this year, according to the current review issued by "Chain Store Age."

The composite sales index, regularly compiled by that publication, was 165 in February, compared with 164 in January, and with 128 in February, 1941. These figures are relative to the 1929-1931 average for the month taken as 100.

The index figures by trade groups are:

	Feb., 1942	Jan., 1942	Feb., 1941
Grocery	159	160	117
Variety	167	164	136
Drug	176	177	154
Shoe	208	223	156
Apparel	178	188	133

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)
CHICAGO, ILL.—**Herman Wise**, formerly with Wise Investments, Inc., has been added to the staff of **Assessment Bond Service, Inc.**, 231 South La Salle St.

CHICAGO, ILL.—**John N. Faust** has become associated with **Blair Securities Corp.**, 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **John B. Sardy** has become connected with **Carter H. Harrison & Company**, 209 South La Salle Street. Mr. Sardy was previously with Talcott, Potter & Co. and R. H. Smart & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Francis X. Duffy** is now with **Merrill Lynch, Pierce, Fenner & Beane**, Board of Trade Building. Mr. Duffy was formerly with Paine, Webber & Co., and prior thereto with A. C. Allyn & Co., Inc.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Ivan G. Anderson** is now with **Thompson Ross Securities Co.**, 39 South La Salle Street. Mr. Anderson was previously with J. H. Beall & Co., Ryan-Nichols & Co., Carley & Co. and Webber, Darch & Co.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Samuel Newman** and **Albion Trenerry** have been added to the staff of **Selected Investments Co.**, 135 South La Salle Street.

(Special to The Financial Chronicle)
CHICAGO, ILL. — **Fred M. Walker** has become affiliated with **Tax Bond Company**, 141 West Jackson Boulevard. Mr. Walker was formerly with Goven, Eddins & Co. for a number of years and in the past conducted his own business.

(Special to The Financial Chronicle)
CHICAGO, ILL.—**Hilda B. Miller** has joined the staff of **Thomson & McKinnon**, Board of Trade Building. Miss Miller was formerly with Shields & Co.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Ernest S. Thompson** has become associated with **Keane & Co.**, Penobscot Building. Mr. Thompson was previously with Wright, Martin & Co. and Goodbody & Co.

(Special to The Financial Chronicle)
DETROIT, MICH.—**James C. McGregor**, formerly with Humphries, Angstrom & Co. and Wm. C. Roney & Co., is now connected with **R. C. O'Donnell & Co.**, Penobscot Building.

(Special to The Financial Chronicle)
DETROIT, MICH.—**Charles C. Donovan**, for some years connected with Humphries, Angstrom & Co., is now with **Wm. C. Roney & Co.**, Union Guardian Building.

(Special to The Financial Chronicle)
GRAND RAPIDS, MICH.—**Raymond H. Renehan** has become affiliated with **McDonald, Moore & Hayes**, Michigan National Bank Building. Mr. Renehan was formerly with Harper Wegusen & Yonkman, J. VanderMoere & Co. and Thompson Russ Securities Co.

SEC Utility Analysis

The SEC announced on Mar. 7 that there were 108 issues of securities of electric and gas utility companies, with a total principal amount of $843,656,000, either publicly offered or privately sold during 1941, according to an analysis prepared by the Public Utilities Division of the SEC. This, says the Commission, brings the total for the seven years ending Dec. 31, 1941, to 539 issues of electric and gas utilities, amounting to $6,724,480,000 principal amount. In 1940, 86 security issues with a principal amount of $881,247,000 were similarly offered or sold by this class of utility companies, while in 1939 the aggregate was 91 issues in the principal amount of $889,932,000.

The Commission's announcement concerning the study continued:

According to the analysis, the 539 issues covering the seven-year period were offered by 240 separate utility companies, of which 225 were operating electric and gas utilities and 15 were utility holding companies. The analysis represents all issues of securities of this type of utility companies of which the Commission has a record under both the Securities Act of 1933 and the Public Utilities Holding Company Act of 1935.

Of the 108 issues of securities offered during 1941, 61 were bond issues, aggregating $642,874,000, with an average coupon rate of 3.40% and an average yield to purchasers of 3.15%. This compares with 43 issues of bonds in 1940, amounting to $759,336,000, upon which the average coupon rate was 3.29% and the average yield to purchasers were 3.05%. Likewise, in 1939, bond offerings totaled 47 issues, amounting to $621,982,000, with an average coupon rate of 3.63% and average yield to purchasers of 3.45%. During the entire seven-year period there were 327 bond issues totaling $5,440,243,000.

During 1941 there were three debenture issues amounting to $13,400,000 as compared with four such issues totaling $40,750,000 in 1940 and eight issues of debentures aggregating $155,750,000 in 1939. During the seven-year period there were 42 debenture issues amounting to $622,800,000.

There were also 25 note issues offered during 1941, amounting to $114,826,000, as compared with 21 issues totaling $24,205,000 during 1940, while the aggregate amount of 92 note issues during the seven-year period was $298,552,000.

Fifteen preferred stock issues amounting to $68,563,000 were offered during 1941, while there were 16 such issues aggregating $51,441,000 in 1940 and 11 issues in the sum of $55,644,000 in 1939. During the seven-year period 68 issues of preferred stock amounting to $344,407,000 were offered.

The coupon rate of bond issues varied from 2.5% to 6.0% during the seven-year period ending Dec. 31, 1941. There were 84 bond issues totaling $1,688,490,000 on which the coupon rate was 3½%.

The analysis was prepared by C. A. Turner, under the supervision of John W. Houser, Director of the Public Utilities Division. A copy of the report may be obtained upon request from the Publications Unit of the SEC., Philadelphia, Pa.

F. H. Smith With Otis

(Special to The Financial Chronicle)
DENVER, COLO.—Frederic H. Smith has become associated with Otis & Co., First National Bank Building. Mr. Smith was formerly Vice-President of Ver Hulst & Co., Inc.

DETROIT

ST. LOUIS

Tomorrow's Markets Walter Whyte Says—

MacArthur rally about over. Don't follow widespread belief that present market discounts coming news. Rally possibility present; however, it depends on factors now unknown.

By WALTER WHYTE

The big headline news, of course, is the arrival of General MacArthur in Australia. Even the stock market got a bit of a lift from it and rallied from the lows. But if you disregard the morale building effect of such news, the rest of the things we read in daily newspapers and on news tickers is hardly anything to go around grinning about.

* * *

Yet the picture of a market that has apparently stopped going down in the face of the continued bad news, has brought out strange theories, all aimed to justify any nearby market predictions. The most common statement heard, is that all the bad news has been discounted and a rally is now inevitable. Well, maybe they don't say "inevitable," but they mean it.

* * *

Another argument, this one for the technical minded, is that low priced stocks have made their lows and as "everybody" knows, that it is these low priced issues that actually point to a turn in the speculative tide the answer, to hear them tell it, is obvious. Eureka! The market is now going up!

* * *

Still another favorite chestnut being tossed around today, is that long market declines tend to over-discount coming news and in any case, the market is oversold.

* * *

All these are perfectly ducky reasons, as reasons go. The trouble is that they don't explain a thing.

* * *

The war news is still bad? Taxes will be heavy? More regulations? Of course, everybody knows that. But the market doesn't go down! Does not that prove something? Sure, it proves that markets, like humans, can stand just so much news, good or bad. After a while it becomes surfeited and further news, unless outstanding, leaves it cold. There's a sound psycological reason for this. If you remember your college psychology you know the scientific explanation. If you don't remember it, it doesn't make any difference.

Now we come to this business of discounting further developments. Here is a market trying to gauge factors it never even thought about before, and not doing so badly either, and people speak glibly about discounting. Discounting what? Intensified war, new defeats, new victories, or what?

* * *

Then we come to this theory, that the speculative low priced stocks make their lows first and having done that, it means that a market rally is not far ahead. Sounds good, doesn't it?

* * *

Take a look at your own experience. Nobody likes taking losses. If a person holds two stocks and is worried, he will most likely sell the good stock, the one that shows a profit. He will hold on to the low priced speculation nursing his loss in the belief that it must come back. The fact that the procedure should have been reversed has nothing to do with the case. That's the way things are. The result is that the lower priced stocks are not the first to make bottoms on major de-

(Continued on Page 1140)

SEC Adopts New Form For Successor Inv. Adv. Firm

The Securities and Exchange Commission announces the adoption of a form of application, known as Form 3-R, to be used by a firm formed as the successor to a registered investment adviser. Explaining this action the Commission said:

Form 3-R permits any person who takes over substantially all of the assets of a registered investment adviser and continues the business as an investment adviser to incorporate by reference all of the information originally supplied by the registered investment adviser whose assets are thus taken over, supplemented by any information which is pertinent to the successor firm alone. As a result of this procedure, successors to registered investment advisers will not be required to file a completely new application for registration as an investment adviser.

Copies of the new form are available at the Main Office and at each of the Regional Offices of the Commission.

Hampford Co-Manager Of Reynolds In Pottsville

POTTSVILLE, PA.—James J. Hampford has been appointed co-manager with John E. Pepper of the local office of Reynolds & Co., 101 North Centre Street. In the past Mr. Hampford operated his own investment business in Pottsville.

RAILROAD SECURITIES

In recent years we have come to accept vacillations of Government agencies more or less as a matter of course, but even at that there was considerable surprise last week when the Office of Price Administration came forward with a plea for reconsideration of some and presumably eventually all, of the freight rate increases, almost before the ink had had time to dry on the ICC order granting such increases. Before granting the increases (incidentally they were considerably less than had been asked for and far from sufficient to offset the 1941 wage increases) the Commission had held lengthy hearings during which the OPA had failed to oppose the increases.

It is claimed that at the time of the hearings the rate increases appeared justified but that developments in the interim (specifically earnings increases in January) had altered the picture. The rise in net operating income of 11% in the opening month of the year would hardly seem a valid argument against the modest freight rate increase granted, nor would the "inflationary" aspects of an estimated increase of $203,000,000 in the country's annual railroad freight transportation bill seem important in comparison with general wage and commodity trends.

Briefly, the OPA has asked the ICC to postpone from March 18 to April 15 the effective date of increases on a list of commodities where the price structure is extremely sensitive. During this period the OPA hopes to persuade the railroads to exempt the specified commodities from the 6% increase. The commodities covered include petroleum and petroleum products, and lumber and lumber products, excluding finished lumber products. These are the most important items in the list and their exclusion would fall most heavily on the western roads.

By a coincidence the commodities which are "extremely sensitive" as to price structure are of major importance largely to the roads whose earnings have continued to show wide improvement without benefit of the freight rate increases. These roads have been able to improve their operating results largely because they have been getting a long average haul on freight formerly transported by intercoastal steamships, and because a large proportion of the rise in traffic has represented westbound materials. Normally there is a heavy empty car movement west, and hauling the revenue-producing loaded cars involves relatively little added expense.

However, any claim that the increases in earnings represent unjustified profits extracted from war conditions seems untenable when one considers that this same section encompasses the largest proportion of the reorganization mileage of the country. Relatively few of the roads in this section are in the dividend paying category, and it is also in this section of the country that the Government derives most of its benefits from low land grant rates.

Other commodities included in the OPA request for postponement include cement, copper and lead ores and concentrates, iron and steel scrap, rubber scrap, nonferrous scrap, pig iron, and crude sulphur. Application of these exemptions would be more general throughout the industry, although the scrap metals would be more important to the eastern industrial properties than elsewhere. It is also probable that the industrial roads would be more affected by the exemption of petroleum products under present conditions than would ordinarily be the case. Due to tanker sinkings roads in virtually all sections of the country have been hauling a record volume of petroleum and products. That the eastern roads can ill afford to miss even a single dollar of their proposed freight rate increase seems apparent from a study of typical January reports. The following tabulation shows the percentage year-to-year decline in January net operating income for a number of industrial and coal roads:

	Decline
Baltimore & Ohio	13.3%
Chesapeake & Ohio	19.8%
Del., Lack. & Western	39.7%
Erie	7.3%
Lehigh Valley	63.3%
Louisville & Nashville	5.6%
New York Central	33.1%
N. Y., Chic. & St. Louis	1.2%
Pennsylvania	13.3%
Pere Marquette	39.3%
Reading	25.5%
Wabash	92.9%

The most unfavorable aspects of the OPA policy is that it apparently indicates a determination that railroads shall not be allowed to increase their earning power; actually it would mean a decline in earning power in line with the heavier tax burden that must be assumed by all corporations. The OPA has expressed the opinion that, in addition to specific commodities for which exemption has been asked immediately, if earnings continue up (presumably meaning that if these other roads can erase their declines) all of the freight rate increases should be repealed.

Any one at all familiar with the railroad picture is aware that higher earnings are necessary to allow the carriers to meet the equipment needs of the armament boom and retire their debt. The latter is highly important if many of the marginal properties are to retain their solvency in the postwar era. It is to be hoped that the ICC will hold to its original stand with respect to the freight rate increases and that railroad management will display a greater degree of resolution than it has in the past. There certainly is no fairness in the stand that the hard-pressed carriers should shoulder a disproportionate share of the inflationary cycle stemming originally from wage increases.

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—38⅝, low—14¾, last—38⅝.

Bank and Insurance Stocks

This Week — Insurance Stocks

In the reaction of the security markets to the Treasury's proposed new taxes, insurance stocks have been subjected to their share of examination from the tax standpoint.

Under the Treasury's recommendations, the normal tax rate would be kept at 24%, but the surtax rate would be increased from 7% to 31%. Method of figuring excess profits tax would also remain the same, companies continuing to have the invested capital or average earnings alternative and exemption credit being kept at 8% on the first $5,000,000 of invested capital and 7% on balance, or 95% of 1936-1939 average earnings, plus $5,000. Excess profits rates would be stepped up to minimum of 50% and top of 75%.

Also, not mentioned and therefore presumed to be kept unchanged, is the credit of up to 85% of "adjusted net income" (net income after deduction of tax-exempt income) for corporate dividends. This credit for dividends on the receiving end is justified by the heavy taxes at the paying end. If this equitable provision is continued, therefore, insurance companies and other institutional investors deriving substantial dividend income from stock holdings would apparently have an important tax advantage, because the 85% credit applies to both normal tax and surtax.

This is more apparent than real, however, inasmuch as corporate dividends in 1942, after the heavier taxes proposed, would probably be substantially reduced because of the lower net available for dividends. This would be directly reflected in investment income of fire and casualty insurance companies, and therefore would possibly lead to reduced dividends by the insurance companies in turn, in adhering to the conservative practice of limiting dividends to within the net investment income alone.

Fortunately, various companies have provided for flexible dividend scales. Back in 1935 and 1936, when the substantial underwriting earnings of fire companies and good recovery in investment income to the 1937 peak justified larger dividends, various companies wisely decided to set up a system of extra dividends in addition to the basic reglar dividend rate, rather than increasing regular. By so doing they could relatively assure continuance of the regular rate under reasonable conditions, while at the same time they could adjust the scale of extras unward or downward as necessary.

Thus far, the scale of extras has shown as good stability as the basic regular rates, but the heavier burden of corporate taxes for 1942 might result in lower investment income to the point where extras would be subject to reduction.

Also, for 1942 companies whose "statutory" (earned) underwriting profits are swelled by the release of earned premiums on lowered motor vehicle volume, would have larger earnings subject to taxation at the higher rates, as compared to 1941 taxes based on lower tax rates and smaller statutory underwriting profits.

Bond interest, of course, comes before taxes on net income in corporate accounting, and so those insurance companies maintaining a large proportion of their invested assets in bonds would probably show much better stability of investment income than those companies having a larger position in stocks. In fact, as the substantial upturn in premium volume continues to bring in a large volume of premium money, investment of this new increment of funds even in Governments of low return would help to offset the probable reduction in income from stocks.

For the past several years, but particularly in the last two years, fire companies have been increasing their ratio of cash and bonds as against their ratio of stocks. Some fire companies, indeed, as for example in the Corroon and Reynolds Group, have undergone basic transformation from "stock investors" to "bond investors." There is therefore much greater stability in investment income of fire companies. Casualty companies, because of the necessities of their business, have traditionally carried a higher ratio in cash and bonds than in stocks, and so are particularly well prepared in these times of rising taxes to maintain investment income and dividends.

The "bond investors" of course, will find their earnings subject to surtax like other companies but at least they would have the better maintained interest income, aided by the inflow of new premium money, with which to absorb the heavier taxes.

Fortunately also for insurance company dividends is the absence of necessity of building up capital funds to the point of its being a factor in forcing dividend reductions, as in banks. The ratios of policyholders' surplus to assets and policyholders' fiduciary funds have been kept at conservative figures by the long standing policy of limiting dividends to investment income and ploughing back all other gains, both operating and capital gains.

Chief source of ploughed back operating earnings is underwriting, which is therefore extremely important to keep "in the black" at this time of rising taxes, vulnerable investment income and mounting volume of underwriting losses and underwritten risks. Nothing should be done by Government to disturb the regulation policy of adequate rates, which protects reasonable underwriting gains and assures strengthening of capital ratios.

Continuing our coverage of the 1941 operating results of insurance stocks of general market interest, tabulated below are statistics on 20 more fire and 7 casualty stocks:

	Prem. Vol.	Liq. Value		—Oper. Earnings—				Annual
				Und'g Gain		Inv. Income		
Fire—	Gain	12-31-41	12-31-40	1941	1940	1941	1940	Div.
Amer. Home	—43.0	$21.67	$22.93	—$0.37	—$2.36	$1.28	$1.20	---
Amer. (Newark)	17.4	14.99	15.48	0.52	0.44	0.63	0.63	0.60
Amer. Reserve	3.0	26.26	26.73	0.89	—3.55	2.01	2.12	---
Boston	14.6	621.08	672.36	9.91	10.16	30.83	30.01	21.00
Fire Assoc.	16.5	72.88	79.62	—0.74	1.95	4.06	3.69	2.50
Firemen's	11.4	†11.58	†12.00	0.51	0.17	0.23	0.24	0.40
Glens Falls	24.3	‡33.18	‡35.41	1.66	1.31	1.03	0.87	‡1.80
Globe & Rutgers Com.	33.9	*16.66	*22.08	—3.72	—1.85	*2.34	*1.65	---
Hanover	19.3	26.30	28.43	0.08	0.35	1.41	1.39	1.20
Ins. Co. of N. A.	16.0	71.29	73.97	1.32	1.29	3.61	3.38	3.00
Monarch Fire	—5.3	9.89	9.91	—0.41	—0.45	0.44	0.33	---
New Hampshire	10.7	45.11	47.93	—0.71	0.46	2.14	1.96	1.80
North River	24.5	21.59	22.61	0.27	0.38	1.15	1.06	1.00
Northwestern Natl.	11.0	157.90	156.42	3.06	2.26	8.14	7.27	5.00
Phoenix	13.3	90.23	94.38	1.06	0.85	3.16	3.13	3.00
Prov. Washington	16.8	36.41	38.07	1.16	1.40	1.80	1.72	1.40
Reins. Corp.	76.1	6.61	8.04	—0.35	0.09	0.37	0.34	0.30
Republic (Texas)	29.0	32.39	32.71	1.16	0.76	1.31	1.29	1.20
U. S. Fire	17.1	51.01	53.04	1.23	1.35	2.51	2.50	2.00
Westchester Fire	20.5	30.82	32.51	0.47	1.58	1.67	1.60	1.60
Casualty—								
Amer. Surety	6.0	57.60	55.59	4.34	3.12	2.86	2.51	2.50
Gen. Reins.	15.6	40.67	39.04	4.26	3.06	2.09	1.84	2.00
Hartford St. Boiler	25.6	49.49	52.30	1.19	0.98	2.57	2.36	1.80
Md. Cas. Common	16.7	—*	—*	1.33	1.15	*0.54	*0.51	---
Mass. Bdg. & Ins.	4.1	63.76	65.51	4.47	4.39	4.85	4.81	3.50
Seaboard Surety	36.4	47.44	42.59	6.71	4.28	1.56	1.51	1.70
U. S. Guarantee	13.3	63.42	60.41	8.17	5.75	2.40	2.10	2.35

*After allowing for preferred. †Bonds amortized. ‡Including investing affiliate.

NYSE Committee Gets More Nominations

Thirty-nine additional names were received at the third and final meeting of the Nominating Committee 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 slate of nominees will be posted on April 13. A net total of 82 names have been suggested at the three meetings.

Latest suggestions received follow:

Chairman: Robert P. Boylan, at E. F. Hutton & Co., and Raymond Sprague, Raymond Sprague & Co. William K. Beckers, Spencer Trask & Co. and Joseph Klingenstein, Wertheim & Co., have withdrawn their names.

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: Charles K. Dickson, Auchincloss, Parker & Redpath; Donald J. Hardenbrook, at E. F. Hutton & Co.; Jerome Lowine, H. Hentz & Co.; Jerome W Nammack, at Struthers & Dean, and John B. Shethar, at Wellington & Co. John A. Cissel, F. P. Ristine & Co.; Robert J. Hamershlag, Hamershlag, Borg & Co.; William A. Pidgeon, Jackson & Curtis, and Jacob C. Stone, Asiel & Co., have withdrawn their names.

Three Governors who shall be allied members or non-members 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: William J. Hammerslough, Lehman Bros.; John M. Hancock, Lehman Bros.; Leonard D. Newborg, Hallgarten & Co.; Hamilton Pell, Pell & Co., and Radcliffe Swinnerton, R. Swinnerton & Co. Gayer G. Dominick, Dominick & Dominick, has withdrawn.

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: A. P. Dann, J. C. Dann & Co., Buffalo; Nathan K. Parker, Kay, Richards & Co., Pittsburgh, and Ledlie W. Young, A. E. Masten & Co., Pittsburgh. Edward H. Hilliard, J. J. B. Hilliard & Son, Louisville, has withdrawn.

Nominating Committee — Five members of the Nominating Committee, three of whom shall be members and two of whom shall be allied members of the Exchange: Carroll S. Bayne, Luke, Banks & Weeks; Marshal Booker, Corlies & Booker; Raymond Chauncey, Chauncey & Co.; J. Dudley Clark, Jr., H. C. Wainwright & Co.; William V. Couchman, Cohu & Torrey; Hartley C. Davidson, Henderson, Harrison & Co.; Edward J. Duffy, Jr., Kean, Taylor & Co.; Hurlbert C. Elmore, H. N. Whitney, Goadby & Co.; Charles S. Garland, Alex. Brown & Sons, Baltimore; Paul V. Hall, Sutro Bros. & Co.; John C. Henderson, Charles F. Henderson & Sons; Stephen A. Koshland, Carl M. Loeb, Rhoades & Co.; Arthur H. Lamborn, Lamborn, Troup & Co.; Charles C. Lee, George D. B. Bonbright & Co.; William P. Marseilles, Jr., Seasongood & Haas; Paul V. Mravlag, W. W. Lanahan & Co.; Esmonde F. O'Brien, E. F. O'Brien & Co.; Joseph G. Osborne, Hayden, Stone & Co.; Henry Picoli, F. H. Douglas & Co.; Martin J. Quinn, Jr., E. C. Benedict & Co.; Charles A. Sulzbacher, L. F. Rothschild & Co.; John T. Terry, Jr., Wood, Walker & Co., and Robert F. Whitmer, Jr., Mitchel, Whitmer, Watts & Co.

Allied Member—Ernest O. Dorbritz, Moore, Leonard & Lynch, Pittsburgh. Richard Pigeon, Estabrook & Co., has withdrawn his name from consideration as trustee of the Gratuity Fund.

Simpson Co. Again Active

DENVER, COLO.—B. E. Simpson and Company announces the re-opening of the firm as of March 9. Offices will be located at 1661 California Street. The firm was originally formed in 1929 to deal in over-the-counter securities, specializing in a broker and dealer service. Bryan E. Simpson is proprietor of the firm.

Accept Posts In N. Y. Fund

John W. Hanes, former Under Secretary of the Treasury and Chairman of the 1942 Campaign of the Greater New York Fund, has announced that W. Palen Conway, Chairman of the Board of the Guaranty Trust Co. and Frederick M. Warburg, a partner in the investment banking firm of Kuhn, Loeb & Co., have accepted vice-chairmanships in this year's organization.

Mr. Hanes succeeded James A. Farley, former Postmaster General, under whose chairmanship in 1941 the Fund raised $4,250,000 which was $500,000 more than it had collected in any of the three previous years of its life.

The Fund's campaign starts on March 23 with a breakfast in the Hotel Astor. It will make its annual appeal to business firms and employee groups on behalf of 400 voluntary welfare and health agencies that share in the money raised. Through one yearly contribution to the Fund business has an opportunity to do its part in helping to support community welfare.

A previous item on the Fund's campaign appeared in these columns of March 12, page 1054.

Ins. Stocks Attractive

An interesting and attractive brochure entitled "Insurance Stocks as Investments," has been prepared by F. L. Putnam & Company, Inc., 77 Franklin Street, Boston, Mass. The position of insurance as "the very cornerstone of the economic and social structure upon which this nation stands" is discussed as are profit record, relative immunity of such stocks to depression, safeguards for the investor, effects of war, priorities and inflation. Also included are comparative figures on twelve insurance stocks which F. L. Putnam & Co. considers particularly attractive at this time. Copies of the brochure may be had from the firm upon request.

Investment Trusts

Opportunities for investment in specialized fields where the ordinary investor fears to entrust his money are made possible by the mutual investment companies. The present sudden realization of possibilities of Latin-American bonds, for example, was long ago anticipated by the American Foreign Investing Corporation.

One substantial New York investor remarked last week that he would like to put some money in Latin-American issues but didn't "know what issues to buy or anyone that could tell him which ones." That seems to be a pretty general feeling, and a mutual fund with several years experience in the field seems the logical answer.

The most amazing thing about the Latin-American issues is that interest in them has taken so long to develop. The story of Latin-America at this time sounds almost like a fairy tale.

Long a relatively poor raw-material producing section of the world, the United States has suddenly found Latin-America to be essential to the war effort, not only because of the raw materials, but in order to present an united front opposing the Axis powers.

Briefly, Latin-America can be expected to benefit from rising commodity prices, the search for new sources of commodities formerly obtained from the Far East and other areas, the Good Neighbor and Lend-Lease policies. This is a combination that's hard to beat.

Of course, commodity prices will be held down somewhat by Mr. Henderson's OPA, but price controls are generally ineffective outside of national boundaries. Even should price controls prevent further rises in Latin-American commodities, the rises which have already taken place are great enough to provide substantial increased incomes for South American producers. For example, a five-cent rise in Brazilian coffee (the rise since 1940 has already exceeded that) means over $85,000,000 more for the producers.

As Robert S. Byfield, President of the American Foreign Investing Corporation, wrote in an article in the New York "Herald Tribune" last October:

"The rising tempo of industrial activity in the United States because of our defense, lend-lease and long range development programs has now advanced to a level not seen since 1929 and perhaps not even then. Not only are our purchasing agents combing every remote corner of Latin-America for needed supplies but we are actually attempting to corner many important raw materials through so-called preclusive agreements, particularly those of a strategic value, in order to keep them out of the hands of the Axis. Of course, we are taking the large amounts of coffee assigned to us under the quota plan from Brazil, Colombia and various Central American countries.

"We are buying practically the entire Uruguayan wool clip, all Chilean and Peruvian copper, and we have recently increased the sugar quota importable from Cuba, Peru, Dominican Republic and Haiti. Most of our ordinary imports, including bananas, platinum, hides, tanning materials, nitrates and cocoa are continuing in normal, and in most cases considerably in excess of normal volume.

"In addition, we are arranging to buy many commodities not ordinarily shipped here from Latin-America, such as antimony from Mexico, Bolivia and Peru. We are asking Cuba for more chromite. Other strategic materials are manganese from Cuba and Brazil, mercury from Mexico and Peru, tin from Bolivia now under a five-year contract, and tungsten from Peru and Mexico."

Since that article was written, we have lost our Far Eastern sources of rubber, petroleum, vegetable and other essential oils, tin and chrome ore, and sugar to mention only a few commodities.

Not only are our purchases of Latin-American products greater, thus greatly improving the dollar balances of our neighbors, but superimposed upon this are substantial lend-lease advances and Export-Import Bank loans.

The net result of these various factors has been to enrich the Latin-American Governments. In particular, a large volume of dollar exchange in excess of current requirements is being made available to them. Their currencies have begun advancing relatively to the dollar. And, to quote again from Mr. Byfield:

"It is evident that the unfreezing of Latin-American currencies will result in increased repatriation of Latin-American dollar bonds at the tremendous discounts at which most of them are selling. Such repatriation is, of course, no novelty, as there has been a constant, though largely unmeasurable return of such bonds to the countries of issue.

"Occasionally some statistics are available, as for example, Brazilian repurchases of Federal, State and municipal dollar bonds were reported at over $22,000,000 par value during 1940. The amount of Brazilian State dollar bonds outstanding declined more than 16% in that year.

"Chile, operating under Law 5580 and supplementary legislation, has retired about $94,000,000

(Continued on Page 1138)

THE YALE & TOWNE MANUFACTURING COMPANY

ANNUAL REPORT—1941

To the Stockholders: *New York, March 9, 1942.*

Your Directors submit the Income and Surplus Accounts and the Balance Sheet of the Company for the year 1941, with the certificate of our auditors. As in previous years, domestic and foreign accounts have been consolidated, except that for 1941 no figures are included for operations in Germany. This means, of course, that the comparative figures between the years 1940 and 1941 are not on exactly the same basis. For ease in reference, the two statements are numbered. Explanations in the following report also carry numbers to tie the written comments to the various Income and Surplus and Balance Sheet Items.

COMPARATIVE STATEMENT OF INCOME AND SURPLUS

	1941	*1940*
1. Net Sales	$29,769,103.78	$21,081,445.67
2. *Cost of Sales—Factory cost, selling, administrative and general expenses	25,953,928.36	18,760,226.25
3. Net Profit before Miscellaneous Income, etc.	3,815,175.42	2,321,219.42
4. Add: Miscellaneous Income, Dividends and Interest received less charges for 1941, $8,434.75 and 1940, $21.00	256,625.19	297,333.44
5. Net Profit from ordinary operations before Federal, State and Foreign Income Taxes	4,071,800.61	2,618,552.86
6. Deduct: Provision for Federal, State and Foreign Income Taxes (including Excess Profits Taxes)	2,402,413.93	1,032,385.74
7. Net Profit from ordinary operations	1,669,386.68	1,586,167.12
8. Deduct: Reserve for Foreign Contingencies	--------	175,000.00
9. Net Profit (from ordinary operations after deducting Reserve for Foreign Contingencies)	$ 1,669,386.68	$ 1,411,167,12
Add:		
10. Earned Surplus—January 1st	$ 4,892,611.78	$ 4,782,053.84
11. Earned Surplus before the following charges	6,561,998.46	6,193,220.96
Deduct:		
12. Adjustment in connection with the conversion of net assets in foreign countries	23,084.86	5,485.28
13. Addition to Reserve for Foreign Contingencies	920,932.76	825,000.00
14. *Profits* or Losses on sales of investments during the year	*372.16*	*16,532.10*
15. Cash Dividends	486,656.00	486,656.00
16. Total Charges to Earned Surplus	1,430,301.46	1,300,609.18
17. Earned Surplus—December 31st	$ 5,131,697.00	$ 4,892,611.78
*Including:		
Depreciation	666,410.01	515,862.64
Maintenance and Repairs	1,335,812.73	836,713.93

COMMENTS ON INCOME AND SURPLUS STATEMENT

Item 1. In 1941 the sales of $29,769,103 were 41.2% above the 1940 sales of $21,081,445, even though the 1941 figure did not include any sales of the Velbert (German) Division. These 1941 shipments are the largest ever made by the Company.

Our Materials Handling Equipment and Rotary Pump lines were in great demand. In Locks and Hardware the volume also was unusually large. Because of the nature of our regular products, a considerable percentage of our business in them was directly or indirectly connected with the war effort. In addition, the Company undertook progressively during the year more orders on special war items.

Because of the Company's equipment and skilled personnel, and because of a definite policy of maximum cooperation in the war effort, the trend in 1942 will be strongly toward an increasing amount of war product. Concurrently, however, our Lock and Hardware lines undoubtedly will have to be curtailed to conserve metals.

The English and Canadian Divisions not only did well but they worked closely with their respective governments on war work. It is also of interest that by re-tooling and by a special effort the Company was able to do from the United States a considerable amount of the Latin American business formerly done by us from Germany. Unfortunately, due to material shortages this program is becoming more and more difficult.

Item 2. An unceasing effort was made during 1941 to improve the machinery and equipment in the Company's plants. On the whole, it can be said that manufacturing efficiency advanced due chiefly to better facilities and to a program of simplification of product. The latter was undertaken to conserve materials and to increase the volume of production.

Depreciation increased from $515,862 to $666,410. The longer hours of operation and the amortization on a basis of 20% a year of a considerable amount of newly acquired machinery in connection with war work were largely responsible.

Item 6. In this report reserves for Federal Income and Excess Profits Taxes have been set up without any deduction in 1941 in connection with the Company's German properties. All of the necessary facts are not yet obtainable and, therefore, neither the amount of deductions nor the year or years for them is definitely ascertainable. It seems certain, however, that losses have been or will be sustained in Germany and that tax credits will materialize for 1941, or for future years or for both.

Item 8. No reserve for foreign contingencies was required for 1941 from operations, as transfers of profits were made from Canada and England and as no German profit was included due to a total lack of final figures for the year.

Item 9. The net profit for 1941 was $1,669,386, an increase of $258,219 over 1940. This represented a profit per share in 1941 of $3.43.

With such a large increase in sales as took place in 1941 a greater advance in net profit might well have been expected. The increase in the Federal Tax Rates and the application of the Excess Profits Tax before rather than after the normal tax both made a great difference. These factors applied to the much greater taxable profit were chiefly responsible for the large increase in Income and Excess Profits Taxes, as reflected in Item 6.

During 1941 dividends of $1.00 per share were paid. The acute need of the business for cash made this payment the largest one the Directors could declare in accord with prudent financial judgment.

Earnings in Canada and England were calculated at the average exchange rates during the year.

Item 13. A transfer of $920,932 from Surplus to Reserve for Foreign Contingencies seemed, under all the circumstances, sound judgment to the Directors. A further explanation of this reserve is given under Balance Sheet Item 33.

COMMENTS ON BALANCE SHEET

Item 18. Because the unusual expansion of the business in 1941 required an increase of various types of assets (principally receivables and inventory) the Company closed the year somewhat short of cash. This was true despite the $1,000,000 bank debt as shown in Item 28. Naturally, every effort will be made to strengthen the Company's cash position.

On December 31st, cash in Canada, at an exchange rate of $.80 for the Canadian dollar, and in England, at an exchange rate of $3.50 for the pound sterling, amounted to $350,100 of the total cash of $1,497,072, which included no cash in Germany. In fact, no German assets of any kind are included in the Balance Sheet.

Item 19. The increase of $752,653 in receivables, to a total of $4,368,388, was consistent with the advance in sales. All known bad debts were absorbed in operations. The $200,000 reserve is a blanket one to cover unforeseen contingencies.

Item 20. Inventories of $10,443,323 at the close of the year showed an increase of $2,181,249. This advance, however, must be judged in connection with the larger sales, the addition of new war products and the heavy unfilled balances. In view of these considerations the inventory is felt to be proper in amount.

Item 21. With Total Current Assets increased by $2,820,199, to a total of $16,308,783, the ratio to Current Liabilities (see Item 32 amounting to $5,904,802) stood at 2.8 to 1. In Canada and England, at the conversion rates indicated in Item 18, Net Current Assets amounted to $1,257,623.

Item 23. In 1941 Plant and Equipment decreased $819,099 to a total of $7,350,269. This drop took place due to the elimination of the German assets in this category. Aside from Germany total betterments were $947,639 and depreciation was $666,410, making the net increase in Plant Account $281,229.

Item 24. The elimination of those German assets previously carried under this caption was responsible for the large drop in this item, which decreased from $1,084,332 to $372,013.

Item 27. The rise of Total Assets, amounting to $1,284,197, took place despite the elimination of German assets. In Canada and England the Company's Total Assets were $3,240,418 at the end of 1941.

Item 31. As was explained under Item 6, tax reserves have been set up without regard for possible tax credits in connection with the Company's German assets. Item 31, therefore, was figured to represent the maximum liability.

Item 33. Some years ago, the Company commenced accumulating a reserve as a protection against possible losses to its foreign investments. This reserve at the close of 1940 amounted to $3,000,000.00 (of which $768,192.00 was provided in 1938 out of Capital Surplus). Now that a state of war exists between this country and Germany, it has been deemed advisable to eliminate from the Company's Balance Sheet for the year 1941 the total amount of its investment in Germany, amounting to $2,920,932, consisting of stock in its German subsidiaries and the assets and liabilities of its German Division. Accordingly, there has been charged against the "Reserve for Foreign Contingencies" the sum of $2,920,932 and the remaining balance of $79,068 has been brought up to $1,000.000.00 by transferring from Earned Surplus the sum of $920,932, as stated under Item 13.

GENERAL COMMENTS

The loyalty, ability and cooperation throughout the Company are of a high order. For this the Directors and Officers wish to express a deep sense of gratitude.

By order of the Board of Directors.

W. GIBSON CAREY, JR., *President.*

JOHN H. TOWNE, *Chairman of the Board.*

COMPARATIVE BALANCE SHEET

ASSETS

	Dec. 31, 1941	*Dec. 31, 1940*
18. Cash	$ 1,497,072.17	$ 1,610,776.58
19. Receivables	4,568,388.24	3,815,734.47
Less: Reserve for Doubtful Accounts	*200,000.00*	*200,000.00*
	$ 4,368,388.24	$ 3,615,734.47
20. Merchandise Inventories — at Lower of Cost or Market	10,443,323.36	8,262,073.66
21. Total Current Assets	$16,308,783.77	$13,488,584.71
22. Employees' Loans for Stock and Home Purchases (Secured)	73,505.58	85,748.86
23. Plant and Equipment	16,648,196.66	17,840,340.62
Less: Reserve for Depreciation	*9,297,926.73*	*9,670,971.69*
	$ 7,350,269.93	$ 8,169,368.93
24. Investments in and Advances to Subsidiaries and Other Companies	372,013.46	1,084,332.14
25. Trademarks, Patents and Goodwill	1.00	1.00
26. Prepaid Insurance, Taxes, etc.	98,325.78	90.666.66
27. Total	$24,202,899.52	$22,918,702.30

LIABILITIES

		Dec. 31, 1941	*Dec. 31, 1940*
28. Notes Payable to Banks		$ 1,000,000.00	--------
29. Accounts Payable		1,971,214.27	$ 1,508.557.11
30. Dividends Payable January 2nd.		72,998.40	72,998.40
31. Reserves for Taxes and Other Accruals		2,860,589.85	1,278.135.01
32. Total Current Liabilities		$ 5,904,802.52	$ 2,859,690.52
33. Reserve for Foreign Contingencies		1,000,000.00	3,000,000.00
34. Capital Stock:			
Authorized	$25,000,000.00		
(1,000,000 shares of $25.00 par value)			
Issued—486,656 shares		12,166.400.00	12.166.400.00
35. Earned Surplus		5,131,697.00	4.892.611.78
36. Total		$24,202,899.52	$22,918,702.30

TO THE BOARD OF DIRECTORS,
THE YALE & TOWNE MANUFACTURING COMPANY.

We have made an examination of the Balance Sheet of The Yale & Towne Manufacturing Company as at December 31, 1941, and of the related Statement of Income and Surplus for the year ended December 31, 1941, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination included all procedures which we considered necessary and was made in accordance with generally accepted auditing standards applicable in the circumstances.

We also examined the general corporate records of the subsidiaries not consolidated. The aggregate equities in subsidiaries not consolidated exceed, by a moderate amount, the investments in and advances to such subsidiaries, and the operating results of these subsidiaries for 1941 have been substantially reflected in the Company's accounts.

Plant and equipment is stated at $110.680.69 less than cost, after allowing for appreciation of land $198.665.70 recorded prior to 1910. The assets are shown net after providing adequate reserves aggregating $9,579,895.63 against possible losses, depreciation and obsolescence.

In our opinion, the foregoing Balance Sheet and related Statement of Income and Surplus, read in conjunction with the comments contained in the first paragraph of the President's report and under items numbered 6. 8, 9, 18, 21, 27 and 33 present fairly the position of The Yale & Towne Manufacturing Company at December 31, 1941, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

BARROW, WADE, GUTHRIE & CO.
New York, N. Y., March 9, 1942. Accountants and Auditors.

Municipal News & Notes

Immersed in the sweat, toil and tears of an all-out war to preserve their priceless individual freedoms against foreign totalitarians who shackle people to the state, the American people are threatened with loss of those freedoms in our legislative halls at Washington. Currently under consideration by the House Ways and Means Committee are the bold recommendations of Treasury Secretary Morgenthau to tax future as well as outstanding bonds of States and their political subdivisions.

Superficially plausible is the Morgenthau argument that holders of such bonds should pay income taxes thereon as do holders of taxable issues, but the old myth that tax-exempts are merely a haven for rich men has been exploded by a 10-year inventory of rich men's estates which disclosed holdings of only 5% in tax-exempt securities. Also, in preponderant majority, such tax-exempts are held by banks and insurance companies to protect tens of millions of depositors and policy holders and by endowed institutions of learning to provide higher education for millions of American students. Washington advocates of Constitution revision by legislative short cut should therefore find a more logical whipping boy than the greedy rich to convince the people of the righteousness of their case against tax-exempt State and municipal bonds.

But in addition to the indirect benefits of millions of people from such tax-exempts, practically every American benefits from them more directly. They—for all of them are local taxpayers, irrespective of whether they be home owners or rent payers—save from ½ to 1½% annual interest on the funded debt of home town, county and State due solely to the tax-exempt feature of their bonds and the resultant lower interest rate they command in financial markets. Making such public issues taxable might conceivably add 50 millions to our Federal revenues, but conversely it would, when the cycle of borrowing, investment and higher interest rates were again completed, add that amount or more to local, county and State tax burdens for home owners and renters throughout the nation to pay. In the last analysis, Morgenthau's proposal to scrap tax exemption on those bonds therefore becomes a device not to tax the greedy rich but to add to the burdens of the little taxpayers in every town, village and hamlet in the land.

But there are other implications far more serious than mere additions to local tax bills, for if the Administration wins this battle for supreme power of the Federal Government to tax the States it will have won probably the decisive battle of a long and unremitting political war to deprive our 48 sovereign States of home rule and States' rights. Is that conclusion farfetched? Let us see.

The Washington bureaucracy fears a people's referendum on a Constitutional amendment to reach this particular goal; so it wants to try the legislative route complemented by Supreme Court validation to write new fundamental law to make central government immensely more powerful and State government practically impotent. With taxing power over the States in its hands, central government could obtain the power to control if not to destroy State Government. Slowly but inexorably such power could be exerted against financial independence in local and State governments until finally a central government's purse strings could be used to strangle every phase of local governmental independence and home rule.

Ed. Note: The above comments are taken from an editorial written for the "Bergen Evening Record," of Hackensack, N. J., by John Borg, publisher.)

Chicago Comptroller Sees Increased Financing Costs

Removal of tax exemption from municipal securities would add between 0.75 and 1% to interest rates on future city of Chicago bond issues, Robert H. Upham, City Comptroller, said last week in the first estimate by a local fiscal official of the probable effect of the tax proposal now before the House Ways and Means Committee.

This cost, Mr. Upham declared, "naturally would have to be absorbed by an additional burden on local taxes."

Mr. Upham indicated that while he thought this hardly is the proper time to criticize the Federal Government, he is in accord with the position of the Conference of Mayors which has expressed opposition to attempts to remove the tax exemption status of municipal obligations.

At its recent meeting the Conference of Mayors adopted a resolution which said in part that "a tax on future issues of State and municipal bonds would raise practically no revenues whatsoever at this time and yet substantially would increase the cost of municipal borrowing."

Optional Clauses in Bond Bids

That mounting numbers of municipal officials are becoming exercised over the possibility of Federal taxation has been evidenced recently in the bond offering notices. Many of these solicitations for bids contain the following or a similar clause:

In the event that prior to the delivery of the notes the income received by private holders from notes of the same type and character shall be taxable by the terms of any Federal income tax law, the successful bidder may, at his election, be relieved of his obligations under the contract to purchase the notes, and in such case the deposit accompanying his bid will be returned.

Cochran Bill Under Consideration

The House Rules Committee last Friday took under consideration the proposal to exempt contractors who are holding war orders from payment of State taxes, known as the "Cochran Bill." This measure had been favorably reported out of the House Ways and Means Committee but aggressive opposition developed subsequently on the ground that its enactment would result in greatly reduced State revenues.

N. Y. State Notes Sold

State Comptroller O'Leary sold $100,000,000 short-term notes by allotment Monday to 91 banks and bond houses. They are said to have met strong demand from institutional investors, most of them going directly into bank portfolios. Proceeds of the sale will be used for general New York State purposes and payment will be made from tax receipts due in the near future.

It became all too apparent that the banking community was none too pleased at the State entering the market on tax payment day, feeling that the Comptroller should have postponed the sale a few days. Although demand for the notes was good, many New York banks had their funds cut down considerably because of the last day tax payment pressure.

Detroit Schedules Refunding Sale

The city of Detroit will sell $16,758,000 of general obligation refunding bonds March 31, it was learned late last week, following action of the common council and the finance committee authorizing the City Comptroller to advertise for bids.

This financing operation will supersede earlier plans to sell nearly $29,000,000 of refunding bonds. The refunding has been under consideration for several months, having been delayed by market uncertainties and certain technicalities in recent State legislation relative to advertising for bids.

The issue will mature 1943 to 1963. The bulk of the bonds will mature in the last 10 years. Widespread interest is expected in the sale because it is one of the few issues of any size now on the municipal calendar.

Iowa Counties Schedule Road Bond Sales

As noted in our issue of March 16, page 1066, primary road refunding bond sales totaling $3,811,000, are scheduled by 10 Iowa counties between March 25 and 31. The smallest issue is $326,000, the largest $425,000, and it is expected that bidding by Chicago and Iowa bond houses will be gratifying to county officials. These bonds represent very good purchases since their security coverage is highly satisfactory.

Major Sales Scheduled

March 25th

$1,861,000 Seattle, Wash.

Syndicate headed by the Bancamerica-Blair Corp. obtained the award of the bonds offered in September, 1938, purchasing the issue privately.

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.

March 30th

$1,275,000 Camden, N. J.

Syndicate headed by Stroud & Co. of Philadelphia obtained the award of the bonds offered last November, beating out Campbell, Phelps & Co. of New York, and associates, and several other bidders.

March 31st

$16,758,000 Detroit, Mich.

The city awarded a huge issue last May to a syndicate headed by the Chase National Bank of New York, whose bid topped that entered by the Bankers Trust Co. of New York, and associates.

$3,000,000 South Carolina (State of)

In December the State awarded similar long-term certificates to a syndicate headed by Lehman Bros. of New York. Second highest bid was submitted by John Nuveen & Co. of Chicago, and associates.

Bond Tax Proposal Viewed As Threat

(Continued From First Page)

Washington an all powerful central government that knows no limit in its control over State and local affairs.

Recently, the House Ways and Means Committee voted against a proposal to have the Federal Government pay out $300,000,000 in unemployment compensation to workers temporarily out of work because of factory shut downs incident to changing over to war production. This proposal was turned down because it was recognized as a device whereby the National Government could take over one more field of local government—the field of unemployment compensation. We all should have noticed other recent, more direct efforts to Federalize the Ohio Bureau of Unemployment Compensation. Similar efforts were made in other States, but opposition has properly developed to such moves.

We have already heard something, and we shall hear and see more in the near future, of an enlarged program of "Social Security." Two billion dollars, additional taxes have been requested as a part of this program. But an insidious part of the program, about which we have not yet been told, is an effort to include in this "Social Security," in the program of employees' retirement and old age pensions, all the employees of the States, cities, schools and counties. In Ohio, we have for many years had an excellent retirement system for public school teachers. We have similar systems for all other public school employees, and for other public employees of the State and of its many cities and counties. Finally, many cities have their own retirement and pension systems for firemen, policemen and other municipal employees. But according to the plans of certain energetic individuals in Washington these retirement and pension systems will in the future not be operated in Cincinnati, Columbus, Greenville, Piqua or Akron by duly elected representatives of the school teachers, of the firemen, of the policemen. Rather are they to be operated by bureaucrats in Washington.

You ask, and many others have asked, with amazement, does the National Administration expect to levy social security taxes on employees of the State of Ohio, and of Cincinnati, and also upon the State of Ohio itself and upon Cincinnati itself, as employers' contributions, just as social security taxes are now levied upon both private employees and private employers?

If these individuals in Washington secure the "right" to tax the very means whereby State and local governments perform their essential services, what is to prevent their securing the "right" to tax the States and the local governments themselves? What is to prevent the next step, after taxation, of the regulation of the issuance of State and municipal bonds? What is to prevent another and a more insistent—and perhaps this time a more successful—effort of the Securities and Exchange Commission to place under its jurisdiction the issuance of State and municipal bonds—as it now controls practically all private financing?

Why is this group of Centralists in Washington unwilling to submit the question of taxing State and municipal bonds, to the people in the form of a Constitutional amendment? They fully realize that if they can secure such taxation by a mere Congressional statute, they will have established the theory of the supreme taxing power of the Central Government over the States and their local subdivisions. Having established such power by statutory methods, what is to prevent their securing, again by statute, the "right" to tax the income that cities are now receiving from their water works plants, their electric light plants, or from any other utility? The statement that a Constitutional amendment would not be approved does not suffice in a democracy.

One need not be afraid, because America is at war, to criticize what he sincererly believes to be efforts to destroy that which for generations he has felt was America itself—a nation of States united for their mutual benefit, who have given to the National Government certain spheres of government, but who reserved to themselves certain other spheres that are not to be attacked by National Administration. This nation has prospered, and it has been the Land of the Free and the Home of the Brave because we have kept free from national bureaucracy and have kept the Government of our citizens as close to those citizens as possible, in the form of home rule by States and local governments. While many of our citizens are giving their all to protect our freedom and our form of government from outside forces, we who stay at home have a duty to protect that freedom, and that home rule from inside forces. Therefore, one need have no hesitation to contact his elected representatives in Washington in an effort to protect and save that freedom. We owe this much not only to ourselves and to posterity, but also to those who are fighting our battles at the front in foreign lands.

"The Power to Tax is the Power to Destroy"—now just as it was in the past century. And one cannot help but wonder if certain people are not set upon destroying local goverment as we have known it.

Bond Club Of Denver Bowling League Returns

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

	Won	Lost	Pct.
Roystones	18	3	.857
Odd-Lots	15	6	.714
Municipals	10	11	.476
Preferreds	9	12	.429
Over-the-Counters	9	12	.429
Corporates	8	13	.381
Investment Trusts	8	13	.381
Dividends	7	14	.333

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 Ernest Schlenzig, 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.

McCloud RR. Interesting

A detailed analysis of the McCloud River Railroad Company has been prepared for distribution by Hixon, Stewart & King, 120 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. The analysis contains a brief history of the road, and type of business carried, capitalization, comparative dividend figures, labor situation, which the memorandum states is good, ratio of operating expenses to operating revenues, market and condensed balance sheet. "We believe," Hixon, Stewart & King says, "the road should continue to earn well on its present basis, due to the continued demand for lumber for defense and more so after the duration when reconstruction is in full swing." Copies of the analysis may be had from the firm upon request.

Your Life Insurance in Wartime

IN TIME OF WAR, the security underlying your life insurance takes on a new meaning. More than ever before, security for the family is paramount.

While supporting that security, your life insurance dollars, invested in Government Bonds, are helping to buy planes, tanks, ships, guns, and all the other implements of war. Thus your life insurance dollars are helping to safeguard American lives and liberties.

At the end of 1941, Metropolitan had a total of $1,214,931,424.25 invested in United States Government Bonds . . . about 22% of the Company's assets. In addition, $104,982,562.49 was invested in Canadian Government Bonds.

In both the United States and Canada, life insurance dollars are helping to finance your defense housing, transportation facilities, the production of power, and the industries which are pouring out the steel, chemicals, oil, food, munitions, and other materials needed for the war. Each month more and more of your life insurance dollars are flowing from the channels of peace into investments that serve war uses and war industries.

Because of public appreciation of life insurance, increased efficiency of our agents, and the better national income during 1941, lapses and surrenders were at the lowest rate recorded in the Company's history.

In fulfilling its obligations to policyholders during 1941, Metropolitan paid or credited to policyholders and their beneficiaries more than $567,900,000. Of this amount, more than $383,700,000 was paid or credited to *living* policyholders.

Metropolitan is a mutual company. Its assets are held for the benefit of its policyholders and their beneficiaries. In the meantime, these assets are, as always in the past, being used to help meet national needs.

BUSINESS REPORT FOR THE YEAR ENDING DECEMBER 31, 1941

(In accordance with the Annual Statement filed with each State Insurance Department.)

OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

Policy Reserves Required by Law . . . . This amount, together with future premiums and interest, is required to assure payment of all future policy benefits.	$4,909,535,985.79
Dividends to Policyholders . . . . Set aside for payment in 1942 to those policyholders eligible to receive them.	109,974,302.00
Funds for Future Payment Under Supplementary Contracts . . . . Policy proceeds from death claims, matured endowments and other payments which beneficiaries and policyholders have left with the Company to be paid out to them in future years.	166,485,627.70
Dividends Left with the Company . . . . Amounts of dividends, and interest thereon, left on deposit with the Company.	26,574,405.52
Policy Claims Currently Outstanding . . . . . Amount of claims in process of settlement, and estimated amount of claims that have occurred but have not yet been reported to the Company.	24,247,909.86
Other Policy Obligations . . . . Including premiums paid in advance, etc.	18,218,374.00
Taxes Due or Accrued . . . . Includes estimated amount of taxes payable in 1942 on the business of 1941.	12,914,533.00
Reserve for Mortgage Loans . . . . To provide against possible depreciation in value of such loans.	11,000,000.00
Miscellaneous Liabilities . . . . Other liabilities not included above.	21,011,915.49
TOTAL OBLIGATIONS	$5,299,963,053.36

ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

National Government Securities		$1,319,913,986.74
U. S. Government	$1,214,931,424.25	
Canadian Government . . .	104,982,562.49	
Other Bonds		2,091,311,142.34
U. S. State and Municipal . .	92,949,983.75	
Canadian Provincial and Municipal	102,808,619.82	
Railroad	554,581,646.59	
Public Utilities	801,409,204.15	
Industrial and Miscellaneous	539,561,688.03	
Stocks . . . . All but $128,323.00 are Preferred or Guaranteed.		82,191,836.00
First Mortgage Loans on Real Estate		955,324,104.05
Farms	88,382,977.02	
Other Property	866,941,127.03	
Loans on Policies . . . . Made to policyholders on the security of their policies.		486,834,916.35
Real Estate Owned . . . . Includes Housing Projects, and real estate for Company use.		407,190,758.93
Cash		152,218,269.31
Premiums . . . . Included in determining Policy Reserves, but not yet received.		92,276,856.92
Interest and Rents Due and Accrued, etc.		60,785,325.43
TOTAL ASSETS TO MEET OBLIGATIONS		$5,648,047,196.07

SURPLUS FUNDS $348,084,142.71

The Company holds total assets which exceed the total of its obligations by $348,084,142.71, for the purpose of giving added assurance that all benefits to policyholders and beneficiaries will be paid in full as they fall due. This amount is composed of

Special Surplus Funds . . $7,190,000.00 **Unassigned Funds (Surplus) . . $340,894,142.71**

and serves as a cushion against possible unfavorable experience, whether due to economic conditions or unexpected claims.

NOTE—Assets carried at $256,949,853.57 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

Metropolitan Life Insurance Company

(*A MUTUAL COMPANY*)

Frederick H. Ecker, CHAIRMAN OF THE BOARD *Leroy A. Lincoln*, PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.

METROPOLITAN LIFE INSURANCE CO.
1 Madison Avenue, New York, N. Y.
Gentlemen:
Please send me a copy of your annual report to policyholders: "Your Life Insurance in Wartime."

*Name*____________________

*Street and Number*____________________

*City*_________________*State*________

The Securities Salesman's Corner

USING SIMPLICITY AND FRANKNESS IN WRITING SECURITY ANALYSES

Several weeks ago we became tired of writing the usual sort of security analysis that almost everyone in Wall Street has been using for years. You know the kind—long, tediously exact in its statistical pomposity, filled with hedge clauses and about as interesting as a dried herring. So we tried something different for a change—**and it worked.** Here it is!

We sent out a mailing on an attractive card. This card was one-half letterhead size and read as follows:

(Name of Stock)
Current market price about $3.00
Standard Statistics reports 1941 earnings should exceed $4.00 per share.
Company has millions in war orders. Good peace time outlook.
Detailed analysis will be **mailed** on request.
(Firm Name)

The replies were over 6%. This certainly shows that people are still interested in buying securities despite all that anyone can say to the contrary.

Then we came to the analysis. In the upper left hand corner we stated, This analysis has been prepared at the special request of Mr. John Doe, date.......... Next we wrote a foreword like this:

Preface: This stock is a speculation, if you can't risk a possible loss, we don't think you should buy it. We think that a good speculation, however, is oftentimes better than a poor investment. It is our opinion that this is one of those cases. When you read the following reasons we are presenting for the purchase of this stock, remember, we are human, we are not infallible. We have been as careful as possible in checking up on the accuracy of the statements we have made, but we can guarantee nothing—especially when it comes to opinions in times like these. Now we will tell you why we like .... common stock.

Next we asked ourselves what were the most interesting aspects of this company's present position. When we discovered that there were about seven questions that we could answer very favorably we set those questions down and we answered them as frankly as possible. They consisted of the following:

What is the outlook for this company under wartime conditions?

How about the labor situation?

What is the outlook for taxation as it might effect this company's future earnings?

How strong is their management?

What sort of market action might be expected of this stock?

What is their financial condition?

How near are dividends?

These questions were placed in the center of the page. Then as briefly and as simply as possible we gave our answers. As an example, on the question of the labor situation, we said: "If anyone can tell us where and when the next strike is going to hit in these days and times, we believe he is either a professional labor leader or a Houdini. We profess to be neither. Nevertheless, this company's record on harmonious employee relations has been exceptionally good, etc., etc.

Complicated statistics, balance sheets, income accounts, figures and folderol were left out. We wrote the thing the way we would have talked to a friend. When we came to the end (and the complete report filled three long sheets of analytical paper) we put in this clincher.

Conclusions:

We have done our best to give you a sound basis for the purchase of this stock but we say again, if you buy it you do so at your own risk and we assume no responsibility whatsoever. Nevertheless we like it as a speculation. We feel sure that you realize that it costs money to run a business, to issue reports such as this, and to conduct the necessary research which makes such a report worthwhile. For this reason, we hope that should you decide to purchase some of this stock that you will allow us to execute the order.

Yours very truly,
. . . . Blank & Co.

The results of this mailing were so good we hesitate to pass them along—just in case someone might think we were exaggerating. When you can open new accounts by mail in times like these, however, don't you think that you too might consider trying it?

Investment Trusts

(Continued from Page 1135)

of its $624,000,000 long-term dollar debt in the 1935-1940 period. Impressive though such examples may be, nevertheless, both official and unofficial repatriation by private and governmental purchases may now be expected in increased volume."

It is not surprising that under these circumstances Latin-American bonds have been steadily rising regardless of the rest of the market and that American investors are becoming interested in Latin-American issues. Nor is it surprising that the average investor feels at a loss when it comes to picking specific issues in which to invest. It is just here, as always, that the mutual investment fund serves its purpose—selecting and maintaining a properly diversified portfolio. The chief difference between this situation and the ordinary one is that, where Latin-American securities are concerned the investor knows that he is not in a position to do his own selecting, whereas with most securities the investor seems to think that he does know what to pick.

THE BOND SELECTOR

SOME ATTRACTIVE JUNIOR RAIL BONDS

Selected Issues of Illinois Central Warrant Special Attention

Last week we pointed out that the bond market offered very little for the individual investor to choose in the investment groups ranging between Government bonds on the one hand and the obviously speculative group on the other; since prime corporates were selling to yield little more than Governments, the difference in yields were hardly worth the risk. At the same time, it was pointed out that junior railroad bonds probably offered as good a bet for longer term holding as did the Government category.

Since the proposed new taxes will reduce earnings on common stocks far below the 1941 level and force a reduction in dividends in most of the better known equities, more and more attention should be and will be given to railroad bonds. The better quality rail issues, of course, offer little in the way of yield or price enhancement possibilities, but the junior bonds, if chosen selectively, should reward the holder as earnings continue to increase and finances to improve.

Illinois Central falls in this category since its earnings have registered a sharp increase, its financial position has been strengthened and its entire outlook is for relatively large profits so long as the war lasts. Net income in 1941 of $10,557,000 was the largest since 1929 and came within $3,000,000 of equaling that year's level. Lest it be thought that Illinois Central is among the more ragged roads, it should be pointed out that fixed charges have been earned regularly since 1936, this record being considerably better than those of many of the so-called marginal roads.

The road's financial position improved substantially in 1941, current assets having increased $18,000,000 to a total of $46,337,000, while cash items of $21,382,000 were up more than $8,000,000. The first maturity of any consequence before 1951 is $37,000,000 of RFC notes which become due at the end of May, 1944.

Traffic of Illinois Central is well diversified, and consequently the road is not dependent on any one or two principal freight items. Such agricultural commodities as corn, wheat, flour, cotton and fruits and vegetables should continue to be important contributors to earnings, particularly in view of prospective higher levels of farm income. Other important freight classifications include soft coal, lumber, iron and steel, building products, petroleum and paper, and these all are expected to be carried in large volume while the war continues. The increasing number of defense and military areas covered by the system will tend to intensify movement of items produced in or needed by these plants and cantonments.

The following tabulation shows the earnings picture since 1937:

Year	Gross Revenues	Net Income	Fixed Charges Times Earned	Earned per Share Preferred	Earned per Share Common
1941	$142,438,000	$10,557,000	1.65	$56.65	$6.95
1940	114,266,000	1,297,000	1.08	6.95	0.13
1939	111,371,000	2,336,000	1.14	12.53	0.93
1938	105,416,000	1,223,000	1.07	6.56	0.08
1937	114,016,000	1,960,000	1.12	8.41	0.62

Revenues increased 32% in January, 1942, the gain bettering by a wide margin the average for Class I roads, and although higher wages and a 71% advance in tax accruals tended to prevent much of a carrythrough, fixed charge coverage did succeed in increasing somewhat from 1.67 to 1.75. In February, traffic was up 24%, and from here on the increased freight rates should just about offset the additional wages which are estimated to amount to approximately $7,000,000 annually. According to Standard & Poor's, if it be assumed that freight receipts rise 15% over 1941, the rate increases recently granted will produce about $7,500,000 on an annual basis. Although increased normal taxes will naturally reduce net income, it is probable that the road will not be liable for Excess Profits Taxes, and it is entirely possible that net in 1942 may approach the 1926 record of $17,150,000.

While it is not argued that junior rail issues should be held as investments, the benefits now accruing to the rails become cumulative so long as traffic continues on the upgrade. This cumulative effect not only shows up in earnings protection for the secondary liens, but improves the financial position, hastens retirement of RFC debt and offers increasing likelihood of debt reduction through market purchases. Among the more attractive Illinois Central issues are the following:

	Approximate Mkt. Price	% Return	1942 Range
4s, 1953	45	8.9%	45⅞-39½
Purch. Lines 1st 3½s, 1952	42	8.3	43½-38⅜
Refunding 4s, 1955	45½	8.8	45⅞-39¾
Refunding 5s, 1955	54	9.3	54⅝-48⅛
Coll. trust 4s, 1952	47¾	8.4	48⅜-42⅛
Louisville Div. & Term. 1st 3½s, 1953	56	6.2	56¾-53
Chic., St. L. & New Orleans jt. 1st ref. 5s, 1963	48½	10.3	48¾-40¾
Joint 1st ref. 4½s, 1963	43⅞	10.2	44¼-37½

Our Reporter's

(Continued from first page)

dent from the experience of one large Iowa dealer, interviewed by a representative of his New York correspondent firm on a swing through the Middle West.

This dealer revealed that, located as he is in the farm belt, he had received more inquiries in recent months than he had at any time in the previous 10 years.

Presumably people in the farm areas, feeling the impact of more money as a consequence of war demand and benefit payments, are looking around for places to invest such funds.

Dealers Made Money

The banker who made the swing, came back convinced that the firms who seek out the smaller banks and investors are the ones who will really be performing the worthwhile service from a national standpoint in present circumstances, and at the same time gauging the situation correctly for themselves.

He found that the smaller dealers around the country, those who reach the moderate-sized investors, made money last year, and came back convinced that the larger firms should get down off their horses and prepare to go to work.

The first step in that direction, he argued was to undertake the task of so arranging facilities that the old job of informing investors could be undertaken anew.

Competition?

Bidding for the much discussed $3,850,000 issue of first mortgage 25-year bonds of the Louisville Transmission Corporation really turned out to be "no contest" when the two tenders submitted were opened on Tuesday.

Because of controversy over the set-up offered to the Reconstruction Finance Corporation, contrasted with that proposed to underwriters, several prospective syndicates withdrew from the race early.

One private banking group submitted a bid of 100.07 for the bonds as 3⅝s. But when the bid of the Northwestern Mutual Life Insurance Company, the only other bidder, was opened it offered the company par for the issue carrying a 3⅛% coupon.

Worked out to a comparable basis, the insurance firm's bid was 8 points better than that of the banking group, setting a spread seldom equalled in the business.

First Effort By Company

The decision of Northwestern Mutual to participate in the competition for the Louisville issue, marked its first excursion into the field of direct competition. The banking group against which it bid consisted largely of firms in the Louisville area.

Some months ago the banking world was rendered apprehensive by the vigorous competition then being encountered from the big eastern insurance companies.

But a series of conferences among interested parties cleared the air, and heads of several of the major insurance firms made it plain that such competition was not the regular order.

Wall St. Anchor Club To Hold Communion Mass

The Wall Street Branch of the Anchor Club of America will hold its ninth annual communion mass at St. Peter's Church, Barclay Street, New York City, at 9 a.m. on Sunday, March 22, 1942. Mass will be celebrated by His Excellency, the most Reverend J. Francis A. McIntyre, Auxiliary Bishop of New York. Breakfast will be held following the Mass at the downtown Athletic Club at 10 a.m., at which Vicar Delegate Right Reverend Msgr. Francis W. Walsh, LL.D., will deliver an interesting address.

Officers of the Anchor Club are: Joseph E. Redpath, Content, Hano & Co., Chairman; Joseph A. Costa, L. R. Rothschild & Co., President; Edward J. Cohan, Pershing & Co., Vice-Chairman.

Members of the Ticket Committee are: James Stephens at Carlisle & Jacquelin; James G. Cunningham at Laidlaw & Co.; Ambrose Verlin at Lehman Bros.; and Harry Engeman at Pershing & Co.

Prudential 6s Attractive

An attractive booklet has just been issued by Reichart & Company, Inc., 165 Broadway, New York City, entitled "Spring Campaign," discussing the current situation in Prudential 6% Convertible Debenture Bonds. These bonds are particularly interesting, according to the booklet, because of a growing degree of security from the increase in net income before taxes, the rate of which increase was almost doubled for the year ending Nov. 30, 1941, and because of their convertibility. Tables showing growth of the company's business, record of interest, and growth of earned surplus are also included. Copies of the booklet may be obtained from Reichart & Co., Inc. upon request.

NEW YORK LIFE INSURANCE COMPANY

97th Annual Statement to its Policyholders

☆

The year 1942 finds this country in the throes of a war economy. All of the country's resources, all of its man power must be devoted primarily to the winning of the war if we are to preserve our institutions, our freedom, our independence. How does this obligation, which rests upon every one of us, affect a life insurance company and the responsibilities of management?

A year ago we said in our annual report: "The management of a life insurance company has a primary responsibility to its policyholders to invest the funds of the company and to conduct its affairs so that the company will be able promptly to meet all its contractual obligations to policyholders and beneficiaries when they fall due." And we added: "The discharge of that responsibility carries with it a great opportunity for service to the public at large."

War, particularly so devastating and extensive a war as the present one, does not lessen in the slightest either this responsibility to protect the policyholders or the opportunity for service. On the contrary, because of the uncertainties and hazards—economic, social and individual—which are inevitably incident to such a war, these responsibilities and these opportunities are greater, not less.

The Company has lived through four wars in which the United States was involved—the Mexican War, the War Between the States, the Spanish-American War and the First World War. During each of these conflicts the Company continued to grow in usefulness and service, both to the policyholders and to the country. It safeguarded its assets, it met its obligations, and at the same time, when needed, it aided in the financing of those wars. We must do no less today.

Early in December, following the declaration of war, the Directors of the Company considered the Company's course of action in the light of war conditions. The course then determined was, we believe, a conservative one. The reserves against the Company's contractual obligations were further strengthened, its real estate and mortgage loan assets were reappraised on a strict basis, and the funds held for general contingencies were substantially increased. As a result, a smaller amount of divisible surplus was available for the payment of dividends for the year 1942.

This action has added materially to the fundamental strength of the Company and to the long-range protection of the policyholders themselves. This is important now that our country is engaged in a war which carries with it inevitable economic strains and future adjustments.

The Statement of Condition of the Company which accompanies this report continues to reflect great strength.

The year 1942 is a year for action, not words. In these circumstances this report is made as brief as possible.

A more complete report as of December 31, 1941, containing additional statistical and other information of interest about the Company, will be sent upon request. A list of the bonds and the guaranteed and preferred stocks owned by the Company is also available. These booklets may be obtained by writing to the New York Life Insurance Company, 51 Madison Avenue, New York, N. Y.

George L. Harrison
President

STATEMENT OF CONDITION

December 31, 1941

ASSETS

Cash on hand or in banks		$82,498,832.50
Bonds:		
United States Government, direct or fully guaranteed	$887,761,424.30	
State, County and Municipal	250,425,293.23	1,966,475,936.01
Railroad	286,393,685.45	
Public Utility	359,479,018.79	
Industrial and Other	94,844,117.27	
Canadian	87,572,396.97	
Stocks, preferred and guaranteed		83,492,753.00
First Mortgages on Real Estate		416,284,810.77
Policy Loans and Premium Notes		285,694,325.87
Real Estate:		
Home Office	$14,192,000.00	92,918,884.92
Other Properties	78,726,884.92	
Interest and Rents due and accrued		27,859,040.64
Premiums not yet received but used in the computation of policy reserves		31,748,518.50
Other Assets		295,629.84
		$2,987,268,732.05

Of the Securities listed in the above statement, Securities valued at $44,350,359.18 are deposited with Government or State authorities as required by law.

LIABILITIES

Reserve for Insurance and Annuity Contracts	$2,407,683,152.00
Present value of amounts not yet due on Supplementary Contracts	187,483,779.16
Policy Claims in process of settlement, or incurred but not yet reported	10,831,350.90
Dividends left with the Company	130,310,435.99
Premiums, Interest and Rents paid in advance	13,625,731.88
Reserved for other Insurance Liabilities	5,584,893.45
Dividends payable during 1942	30,583,660.00
Reserve for fluctuations of Foreign Currencies*	3,500,000.00
Miscellaneous Liabilities	9,726,525.78
Total Liabilities	$2,799,329,529.16
Surplus Funds held for general contingencies	187,939,202.89
	$2,987,268,732.05

*This reserve is held chiefly against the difference between Canadian currency Assets and Liabilities which are carried at par.

The New York Life Insurance Company has always been a mutual company. It started business on April 12, 1845 and is incorporated under the laws of the State of New York. The Statement of Condition shown above is in accordance with the Annual Statement filed with the Superintendent of Insurance of the State of New York.

Tomorrow's Markets Walter Whyte Says—

(Continued from Page 1133)

clines. They are frequently the last.

* * *

So far as the "oversold" theory is concerned all you have to do is ask yourself "oversold by who?" In the days when markets had hair on their chests enterprising shorts took positions and out of such positions oversold conditions did occur and rallies came almost on schedule. But if anybody takes a short position today he's scared to death the SEC will call him up to answer a lot of questions. And besides with all the money a short seller has to put up, where is the percentage?

* * *

So having told you that there is nothing in the immediate market picture to justify any real market rally I'll promptly proceed to add to your confusion by saying that signs of some kind of a turn are present. What these signs are I won't say, assuming that I could describe them, but here and there stocks manage to poke up against averages that are making new lows. If the little lift doesn't carry too far and if the subsequent retrace (downside) holds above last week's lows the basis for a rally will have been laid. I know I gave you a lot of "if's" but the whole market, the whole picture, national and international, consists of nothing but if's.

* * *

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.]

January New Financing Mostly Defense Bonds

The Securities and Exchange Commission announced on Mar. 14 that the volume of new financing in the United States by all issuers of securities for the month of January amounted to $1,345,000,000, including U. S. Defense Bonds to the extent of $1,061,000,000. Although the month's total of all offerings represented a decline from the amount of offerings in December, 1941, which aggregated $2,319,000,000, it is higher than the monthly average of $1,042,000,000 for the year 1941. The Commission states that the survey, which was prepared by the Research and Statistics Subdivision of the Trading and Exchange Division, covers all new corporate and non-corporate issues offered for cash that are reported in the financial press, with the exception of issues under $100,000 in amount and, in the case of debt issues, of a maturity of less than one year.

The Commission's announcement further says:

> Offerings for cash by the Government (excluding Treasury bills and Tax Series Notes) were restricted to sales of Defense Bonds, with receipts reaching the highest level of any month since offerings of these bonds have been made. Corporate security offerings increased to $164,000,000, the largest amount since October, but were below the average of $210,000,000 for the year 1941. State and municipal offerings also increased, with offerings of $118,000,000 being the largest total in 10 months.
>
> Two-thirds of total corporate offerings were issues of utility companies, which amounted to $109,000,000. One issue accounted for $81,400,000 of gross proceeds—the Alabama Power Co. 3½% first mortgage bonds, due 1972. Flotations of industrial companies accounted for $44,000,000 during the month. Railroad and other miscellaneous issues declined to $11,000,000. Approximately 94% of corporate securities were offerings registered under the Securities Act of 1933. The amount of registered securities offered for cash was $154,000,000, the highest figure since last August. Corporate securities privately placed amounted to $275,000, according to the preliminary reports available. This represents the smallest amount of corporate private placements in any month since October, 1934, with the exception of one monthly period.
>
> Of estimated net proceeds raised from new corporate flotations in January, $89,000,000, or 55%, was intended for repayment of indebtedness, chiefly accounted for by the Alabama Power Co. refunding issue. "New money" purposes—additions to plant and equipment and working capital—were expected to absorb 44% of net proceeds, or $71,000,000. Industrial, railroad and miscellaneous other flotations were almost exclusively new capital issues.

Senate Raises Debt Limit To $130 Billion

The Senate on March 17 by a voice vote passed and sent back to the House a bill increasing the Federal debt limit from $65,000,000,000 to $130,000,000,000. As passed by the House on March 10 the measure had a limitation of $125,000,000,000 (as was noted in our March 12 issue page 1044). The Senate adopted an amendment, recommended by its Finance Committee, adding $5,000,000,000 to the House limit so that the obligations of all Federal government guaranteed corporations would be included in the national debt limit. This amendment was sponsored by Senator Byrd (Dem., Va.) and Under Secretary of the Treasury Daniel Bell said the Treasury had no objection to it. The House is expected to concur in the change.

In addition to increasing the debt limit to $130,000,000,000, the bill makes six changes in the Treasury's financing authority.

In testifying before the Senate Finance Committee on March 13 in behalf of the bill, Secretary of the Treasury Morgenthau predicted that the public debt would be $110,400,000,000 on June 30, 1943. He said the American people are dedicated to the task of winning the war, whatever the cost may be, and added that the country is strong enough to bear it. His testimony included the same prepared statement read to the House Ways and Means as was given in these columns, page 1045.

Holds Unpaid S.S. Tax Entitled To Priority

Claims by the Federal Government for unpaid taxes under the old-age section of the Social Security Act have priority when the assets of a bankrupt are divided, according to a ruling of the U. S. Supreme Court on Mar. 2. In its advices from Washington regarding the ruling, the New York "Times" stated:

> Justice Byrnes delivered the unanimous opinion in cases by the United States against the State of New York and affecting $3,053 in assets of the Independent Automobile Forwarding Co. of Buffalo which is in liquidation. The Federal Government laid claim for Social Security taxes, and the State for its unemployment insurance fund, but the available reserves were not sufficiently large to meet both demands.
>
> As its authority, the Supreme Court turned to the case of New York City against Feiring, in which the highest tribunal held that a city sales tax must have priority, being a tax claim and not a debt.
>
> "The New York City sales tax and the obligation imposed by the Social Security Act cannot be distinguished in any material respect," Justice Byrnes observed. "The claim of the United States against the estate of this bankrupt is entitled to the priority."
>
> Reversing the Second Circuit Court of Appeals, Justice Byrnes upheld the lower bench in rejecting a claim by New York State that only 10% of the Social Security claim was allowable.

Plead Guilty In Fraud

Fred Blaser, Ernest Ingalls, Isidore Koota, David Koota, Saul L. Rubin, George A. Liebman, Benjamin Rabinowitz, George T. Friedland, Ira R. Newell, Harry V. Blum and H. V. Blum & Co., Inc., pleaded guilty in the Federal Court for New York to charges of mail fraud in a case involving the alleged sale through false representations of $300,000 in stock in the National Printing Appliance Corporation, an organization to promote the manufacture and sale of compound for cleaning printing matrices. Sentencing was deferred to the end of the trial, as seven other persons and three corporations are to be tried on the same charges.

Decision was reserved by Judge Simon H. Rifkind on a Government motion to consolidate for the purposes of the trial two indictments which named the same defendants.

Interesting Situations

J. Arthur Warner & Co., 120 Broadway, New York City, have prepared for distribution interesting statistical memoranda on General Machinery Co., Hooker Electro-Chemical Corp., Metal & Thermite Corp., and Nicholson File Co., copies of which may be had from them upon request.

UP-TOWN AFTER 3

MOVIES

Kid Glove Killer (MGM), with Van Heflin, Marsha Hunt, Lee Bowman and others. Directed by Fred Zinneman. . . . A pleasant enough mystery yarn that takes you back among the laboratories where criminologists perform involved chemical experiments, peer through microscopes and do other equally interesting things to catch the culprit. The young genius in this case is blonde Van Heflin who spends his time (when he's not scientific-ing) in either throwing darts or aiming mildly insulting remarks at his pretty young assistant (Marsha Hunt). Of course, even the elementary movie goer knows that such remarks are made merely to cover up Van Heflin's fondness for Miss Marsh. In any case Van Heflin is on the trail of the man who killed the Mayor. He pulls in politicians, radio commentators and a lot of other guys named Joe. But despite all the experiments not one of these turns out to be the murderer. Of course, no one except the audience suspects who the culprit is. But it can't talk and no one in the picture does, otherwise the whole thing would be over in the first 15 minutes and where would you go then? Just the same, "Kid Glove Killer" won't strain your credulity too much. The acting is capable and after all what more can one want? . . . If in your movie travels you run across such shorts as **"This Is Blitz"** and **"Churchill's Island,"** drop in and see them. These are actual war shots. There is no softness about them. They are cold, horrible in their realism and will do more to bring the war closer to you than all the fiery speeches. According to the caption more than 20 cameramen lost their lives in taking the scenes. After seeing the pictures you will agree that is no exaggeration.

RESTAURANTS

The Penthouse Club (30 Central Park So.) is more than a let-your-hair-down-night-club-kind of a place that previous articles appearing here may have led you to believe. Its food and its service can compare favorably with the best in the city, not to mention other advantages. An open fireplace, cheerful these cold nights. A splendid view of Central Park from its 16th floor penthouse, and Mr. and Mrs. Stone. Mr. Stone, in case you don't know, used to be one of the top dogs in the railroad business. In fact, he and the Erie used to be just like that. What ever turned him into a bistro boniface you'll have to find out for yourself. In any case that's what he is today. Mrs. Stone, while apparently not a "greeter" by nature does well enough by just being there and what with the AWVA uniform she cuts quite a picture. Of course, Mrs. Stone assures me that the uniform is more than just becoming. It is a symbol of a hard job done during the day when this reporter is either pounding his ear or this typewriter. . . . I'm still curious, however, about that knapsacklike pocketbook that AWVA's wear slung over one shoulder. . . . If you don't like taking elevators to top of buildings suggest you try a new place, **Chateaubrand** (148 E. 56th). It is a pleasant place, owned and run by three brothers. One of the brothers (I wish I could remember his name) said that the place was a favorite with gourmets. That may be but I don't know any gourmets and those that claim they are seem to think that a couple of ooh's and a-ah's entitle them to that distinction. Me? I'm strictly a meat and pertaters guy.

MANHATTAN NOISES

That new band at the **Hotel New Yorker**, Woody Herman, keeps the place jumpin'. . . . Also boasts the best ice show in New York. . . . The things those kids can do on skates is amazing. . . . If you've never seen Latin-American dancing on skates and better than most can do it on foot drop in and see the **New Yorker Hotel's Ice Capades**. . . . **Ella Logan's** "My Bill" at the **Cotillion Room** always shivers up and down my back (hmmmm reading that back I wonder if anybody cares). That smooth velvet voiced effortless singing of **Maxine Sullivan** at the **Ruban Bleu** keeps listeners' palms sore . . . they applaud so much. . . . Also the guitarist singers, **Rasha** and **Mirko** at the **Ruban Bleu**. . . . The **Cafe Pierre**, which used to be the high spot is slowly but surely coming back. . . . **Betty Bryant** is one of the reasons and Bert Allerton with his bird trick is another. . . . Has a bird in a cage and presto! it disappears . . . cage and all. . . . At **Billingley's Stork** where **Bob Knight's** outfit plays for cocktails . . . smooth as satin . . . surprising at the number of newspaper names who seem to spend their waking hours either in the Cub (that's the Stork Club's baby) (come to think of it since when do Storks have cubs?) (or in the Stork Club proper. . . . And Sherman Billingsley going from table to table making hello noises. . . . Passed me right by in spite of fact that **Claire Piccard**, the blonde with hair down to her shoulders, whose picture hangs on the Cub room wall, was at the same table . . . tsk-tsk-tsk such is fame. . . . If you want to see some of your favorite radio people and how they look when they're putting on the feed-bag, drop in at the **Mayan Restaurant**, one of the Rockefeller City restaurants. All your illusions will go bang!

ANNUAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 1941, OF

THE TEXAS COMPANY

AND SUBSIDIARY COMPANIES (Excluding European Subsidiaries)

STATEMENT OF CONSOLIDATED INCOME ACCOUNT

GROSS OPERATING INCOME:		
Net sales	$395,993,063.69	
Miscellaneous	9,350,580.12	$405,343,643.81
OPERATING CHARGES:		
Costs, operating, selling and general expenses (exclusive of depreciation and depletion)	$275,033,044.09	
*Taxes	15,866,541.34	
Amortization of drilling costs on producing wells, expenditures incurred on dry holes and unamortized drilling costs on wells abandoned during the year (The Company has since January 1, 1934, followed the policy of capitalizing drilling costs of producing wells, and amortizing such costs at the rate of 8% per annum except as to the costs of wells located in Illinois which are fully amortized as incurred.)	12,933,594.94	303,833,180.37
Balance		$101,510,463.44
NON-OPERATING INCOME (NET):		
Interest, dividend, patent and other income, less miscellaneous charges of $1,261,846.32		8,251,878.77
Balance		$109,762,342.21
INTEREST CHARGES:		
Interest and amortization of discount and expense on funded debt	$ 3,010,516.58	
Other interest charges	458,870.54	3,469,387.12
Balance		$106,292,955.09
DEDUCT:		
Depreciation and other amortization	$ 24,747,431.28	
Depletion and leases forfeited	6,645,857.47	31,393,288.75
Balance		$ 74,899,666.34
DEDUCT:		
Provision for additional reserve for possible loss on investments in non-subsidiary companies operating in foreign countries		7,000,000.00
Net profit before provision for Federal income and excess-profits taxes		$ 67,899,666.34
DEDUCT—Provision for Federal income and excess-profits taxes		15,830,000.00
Net profit for year 1941		$ 52,069,666.34
Profit applicable to minority interests in a subsidiary		194,985.05
Net profit carried to earned surplus account		$ 51,874,681.29

*In addition, state and federal gasoline and oil taxes were paid (or accrued) to taxing authorities in the amount of $120,564,117.50.

Reference is made to page 10 of the report to stockholders with respect to earnings of The Bahrein Petroleum Company Limited, and to page 20 relating to foreign investments and operations.

STATEMENT OF CONSOLIDATED EARNED SURPLUS ACCOUNT

EARNED SURPLUS, DECEMBER 31, 1940 (Including earned surplus of predecessor company)	$127,747,629.50
SURPLUS CREDITS:	
Adjustment of depreciation of a subsidiary for prior years	522,283.73
	$128,269,913.23
NET PROFIT FOR THE YEAR ENDED DECEMBER 31, 1941	51,874,681.29
	$180,144,594.52
DEDUCT—Dividends declared during 1941	27,189,500.00
EARNED SURPLUS, DECEMBER 31, 1941 (Including earned surplus of predecessor company)	$152,955,094.52

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS ACCOUNT

CAPITAL SURPLUS, DECEMBER 31, 1940		$ 69,887,090.72
DEDUCT:		
Excess of cost of additional shares of a subsidiary acquired from minority interests during 1941 over their net book value at date of acquisition	$ 2,415.32	
Excess of cost over par value of 194 shares of capital stock of The Texas Company reacquired in 1941 and held in treasury	2,431.00	4,846.32
CAPITAL SURPLUS, DECEMBER 31, 1941		$ 69,882,244.40

CONSOLIDATED BALANCE SHEET — DECEMBER 31, 1941

ASSETS

CURRENT ASSETS:		
Cash in banks, in transit and on hand—		
In United States	$ 68,955,664.95	
In foreign countries	3,424,683.94	$ 72,380,348.89
Notes and accounts receivable—		
Notes receivable	$ 465,828.31	
Accounts receivable	41,040,680.31	
	$ 41,506,508.62	
Less—Reserve for bad debts	650,000.00	40,856,508.62
Inventories—		
Crude and refined oil products and merchandise, at cost determined on the first-in, first-out method (after elimination of intercompany and interdepartmental profits) which in the aggregate was lower than market	$ 87,034,408.45	
Materials and supplies, at cost	11,905,261.78	98,939,670.23
Total current assets		$212,176,527.74
LONG-TERM RECEIVABLES (Including $225,993.70 employes' stock purchase accounts)—less reserve of $250,000.00		1,640,851.41
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN FOREIGN COUNTRIES (See notes on page 20):		
European subsidiaries not consolidated (less reserve of $5,300,000.00)	$ 9,811,401.81	
Companies which are not subsidiaries—at cost, $93,358,684.54 (Of which $63,797,546.04 applies to 50%-owned companies), less reserve of $28,000,000.00	65,358,684.54	75,170,086.35
INVESTMENTS IN AND ADVANCES TO COMPANIES OPERATING IN THE UNITED STATES, WHICH ARE NOT SUBSIDIARIES—AT COST (Of which $7,352,001.00 applies to 50%-owned companies), less reserve of $1,300,000.00		34,055,418.13
PROPERTIES, PLANT AND EQUIPMENT (At cost, except properties of certain subsidiaries, which as of dates of acquisition were reduced to values determined by company and/or government engineers):		
Lands, leases, wells and equipment (including drilling costs of producing wells completed since January 1, 1934)	$305,140,640.60	
Oil pipe lines and tank farms	61,559,706.68	
Refineries and terminals	168,006,778.43	
Ships and marine equipment (including ships under construction, $15,790,222.33)	61,900,287.89	
Sales stations, facilities and equipment	105,050,774.49	
Miscellaneous	2,714,153.77	
Total	$704,372,341.86	
Less—Reserves for depreciation, amortization and depletion	337,866,519.59	366,505,822.27
PATENTS—AT COST (Less reserve for amortization of $1,669,954.73)		1,141,128.54
DEFERRED CHARGES		
Prepaid insurance and taxes	$ 935,598.75	
Bond discount and expense in process of amortization	72,663.38	
Drilling costs on incomplete wells	1,613,118.80	
Other prepaid expenses and deferred charges	2,520,526.28	5,141,907.21
		$695,831,741.65

LIABILITIES

CURRENT LIABILITIES:		
Notes and contracts payable (including $7,512,219.86 due in 1942 on long-term debt of which $6,259,728.17 are contract obligations for additional ships for American flag fleet)		$ 9,754,850.36
Accounts payable		17,262,563.15
Accrued liabilities		25,957,435.12
Provision for Federal income, excess-profits and undistributed-profits taxes (certain returns subsequent to 1933 are subject to final settlement with the U. S. Treasury Department)	$ 19,972,486.61	
Less—United States Treasury Notes, Tax Series B, 1943	15,000,000.00	4,972,486.61
Dividend payable January 2, 1942		5,432,135.00
Total current liabilities		$ 63,379,470.24
LONG-TERM DEBT:		
3% Debentures, due April 1, 1959	$ 40,000,000.00	
3% Debentures, due May 15, 1965	60,000,000.00	
1¾% notes payable to banks in annual installments of $750,000.00 from April 29, 1943	6,750,000.00	
Other long-term debt (including $3,860,000.00 contract obligations for additional ships for American flag fleet)	5,051,379.95	111,801,379.95
DEFERRED INCOME AND SUSPENSE CREDITS		537,973.68
RESERVES (As authorized by the Board of Directors):		
For benefits under employes' plans—excluding $1,440,000.00 included in current liabilities above	$ 15,621,467.34	
For foreign exchange fluctuations (see notes on page 20)	2,150,896.04	
For contingencies	7,000,000.00	24,772,363.38
CAPITAL STOCK AND SURPLUS OF A SUBSIDIARY COMPANY APPLICABLE TO MINORITY INTERESTS		608,215.48
CAPITAL STOCK AND SURPLUS:		
Capital stock, par value $25.00—		
Authorized 14,000,000 shares		
Issued 11,386,253 shares	$284,656,325.00	
Less—Held in treasury, 510,453 shares, at par value	12,761,325.00	
Outstanding 10,875,800 shares	$271,895,000.00	
Capital surplus	69,882,244.40	
Earned surplus (including earned surplus of predecessor company)	152,955,094.52	494,732,338.92
		$695,831,741.65

CONTINGENT LIABILITIES—Reference is made to page 10 of report to stockholders and notes on page 20 with respect to certain contingent liabilities. The Company's General Counsel reports that while it is impossible to ascertain the ultimate liability with respect to other contingent liabilities, including pending lawsuits, Federal taxes, claims, guarantees, etc., in his opinion, the aggregate amount of ultimate liability in respect of such other contingent liabilities is not materially important in relation to the total consolidated assets of The Texas Company and subsidiaries

The foregoing balance sheet and statements are taken from the annual report, dated March 17, 1942 to stockholders of The Texas Company, and should be read in conjunction with such report which contains the certificate of Messrs. Arthur Andersen & Co., Auditors, attached to such financial statements. A copy of the report to stockholders may be had upon application to the Company. The said balance sheet, statements, and report are not intended to constitute an offer, solicitation of offer, representation, notice, advertisement, or any form of a prospectus in respect of any security of The Texas Company.

Calendar of New Security Flotations

OFFERINGS

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)

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

Bonds Awarded to Northwestern Mutual Life Insurance Co. March 17 on its bid of par for bonds bearing 3⅛% coupon, or an int. cost basis to company of 3.125%

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.

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)

SATURDAY, MARCH 28

DODGE & COX FUND

Dodge & Cox Fund filed a registration statement with the SEC for an unstated number of beneficial shares, the aggregate amount however not to exceed $500,000.

Address—San Francisco, Calif

Business—Investment trust

Purpose—Proceeds for investment

Sponsor—Dodge & Cox

Registration Statement No. 2-4961 Form A-2 per rule 524 (3-9-42)

SUNDAY, MARCH 29

LINK-BELT CO.

Link-Belt Co. filed a registration statement with the SEC for 33,604 shares common stock, no par value

Address—307 N. Michigan Ave., Chicago, Ill.

Business—Company is engaged, normally, in the design, manufacture, sale and erection of elevating, conveying, material preparation and power transmission machinery and the manufacture and sale of castings

Underwriting and Offering—The shares registered are held by the company in its treasury, and are to be offered only to a selected group of officers and employees of the company at $26.48 per share

Proceeds of $888,600 will be used to reimburse the treasury of the company for the moneys expended by it in the acquisition of such shares, and to provide funds for additional working capital

Registration Statement No. 2-4960. Form A-2 (3-10-42)

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 hydro-electric 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. Names of underwriters and the public offering price will be supplied by amendment

Registration Statement No. 2-4959. Form A2 (3-10-42)

MONDAY, MARCH 30

CELANESE CORPORATION OF AMERICA

Celanese Corporation of America filed a registration statement with the SEC for $7,522,000 of 3½% Convertible Debentures, due March 1, 1962, and an indeterminable number of shares of no par common stock (including scrip certificates for fractions of shares), latter to be reserved for issue upon conversion of the Debentures

Address—180 Madison Ave., New York

Business—Principal business of company is the manufacture and sale at wholesale of cellulose acetate yarns and fabrics containing such yarns under the registered trademark "Celanese" and under other trademarks owned by the company

Underwriting and Offering—The debentures will first be offered to company's common stockholders, via subscription rights, for subscription at the rate of $1,000 principal amount of the Debentures for each 183 shares of common stock held of record on the effective date of the registration statement. The subscription price per share will be supplied by amendment. The Subscription Warrants will be exercisable on or before 3 p.m. Eastern War Time on April 6, 1942. Such of the Debentures as are not subscribed for under this offer, will be sold to the public through underwriters, at a price to be supplied by amendment.

Names of the underwriters, and the maximum amount of the Debentures to be underwritten by each, are:

Dillon, Read & Co., New York	$1,222,000
Glore, Forgan & Co., New York	700,000
A. C. Allyn & Co., Inc., Chicago	50,000
A. G. Becker & Co., Inc., Chicago	75,000
Blyth & Co., Inc., New York	300,000
Alex Brown & Sons, Baltimore	125,000
Central Republic, Inc., Chicago	75,000
R. S. Dickson & Co., Inc., Charlotte, N. C.	50,000
Equitable Securities Corp., New York	50,000
Estabrook & Co., Boston	75,000
First Boston Corp., New York	450,000
Graham, Parsons & Co., Philadel.	50,000
Harriman Ripley & Co., Inc., New York	300,000
Harris, Hall & Co., Inc., Chicago	75,000
Hayden, Miller & Co., Cleveland	75,000
Hayden, Stone & Co., New York	75,000
Hemphill, Noyes & Co., New York	200,000
Hornblower & Weeks, New York	125,000
W. E. Hutton & Co., New York	75,000
Kebbon, McCormick & Co., Chicago	50,000
Kidder, Peabody & Co., New York	200,000
W. C. Langley & Co., New York	150,000
Lee Higginson Corp., New York	150,000
Lehman Bros., New York	350,000
Laurence M. Marks & Co., New York	75,000
Mellon Securities Corp., Pittsburgh	350,000
Merrill Lynch, Pierce, Fenner & Beane, New York	250,000
F. S. Moseley & Co., Boston	75,000
Otis & Co., Cleveland	75,000
Riter & Co., New York	150,000
E. H. Rollins & Sons, Inc., N. Y.	125,000
Salomon Bros. & Hutzler, N. Y.	125,000
Shields & Co., New York	300,000
Smith, Barney & Co., New York	300,000
Tucker, Anthony & Co., Boston	75,000
Union Securities Corp., New York	200,000
White, Weld & Co., New York	150,000
Whiting, Weeks & Stubbs, Inc., Boston	50,000
The Wisconsin Co., Milwaukee	125,000
Dean Witter & Co., San Francisco	50,000

Proceeds—Purpose or purposes to which the proceeds will be applied, are to be supplied by amendment

Registration Statement No. 2-4962. Form A-2 (2-11-42)

TUESDAY, MARCH 31

PET MILK CO.

Pet Milk Co. has filed a registration statement with the SEC for 30,000 shares of Cumulative Preferred Stock, $100 par value. The dividend rate will be supplied by amendment

Address—1401 Arcade Bldg., St. Louis, Mo.

Business—Company and its subsidiaries are engaged primarily in the manufacture and sale of evaporated milk; they also manufacture and sell certain other dairy products, including ice cream, ice cream mix, powdered milk and butter.

Underwriting—Details of underwriting arrangements will be supplied by amendment. However, the Prospectus shows that Kidder, Peabody & Co. and G. H. Walker & Co., will participate in the underwriting of the stock

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

Proceeds—The purposes to which the proceeds from sale of the shares will be applied, will be supplied by amendment to the registration statement

Registration Statement No. 2-4963. Form A-2 (3-12-42)

GILLHAM MINING CO., INC.

Gillham Mining Co., Inc., filed a registration statement with the SEC for 5,000 shares common stock, no par value

Address—30 No. La Salle St., Chicago, Ill.

Business—Engaged in the mining of antimony ore in Mineral Township, Sevier County, Arkansas

Underwriting and Offering—The 5,000 shares of common stock will be sold to the public at $5 per share; no underwriting involved.

Proceeds will be used for corporate purposes, including further developing and exploring of properties now owned by the company

Registration Statement No. 2-4964. Form S-3 (2-12-42)

THURSDAY, APRIL 2

KEYSTONE CUSTODIAN FUNDS, INC.

Keystone Custodian Funds, Inc., filed a registration statement with the SEC for 750,000 shares of Series "B-4" Full Certificates of Participation

Address—50 Congress St., Boston, Mass.

Business—Company is an investment trust; The "Keystone Plan" establishes a series of trust funds, each employing its capital in a designated class and type of listed securities, to enable the investor to choose the type or combination of types of securities having the characteristics most nearly fitting his individual requirements

Underwriting and Offering—The shares will be offered to the public at the market. The Depositor is the sponsor

Proceeds will be used for investment purposes

Registration Statement No. 2-4965. Form C-1 (3-14-42)

DATES OF OFFERING UNDETERMINED

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

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

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, Feb. 19 and March 10, 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, Feb. 24 and March 13, 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 outstanding 6% preferred stock of the privilege of exchanging such stock for 33,054 of the 39,382 shares of 4½% preferred stock on basis of one share of 4½% preferred stock, plus $1.50 (equal to current quarterly dividend payable March 1, 1942, on one share outstanding 6% preferred stock), plus an unstated amount (difference between the public offering price of one share 4½% preferred stock and $105, the redemption price of the 6% preferred), for each share of outstanding 6% preferred stock. Exchange offer expires Jan. 22, 1942. Any shares of 4½% preferred not issued under the exchange offer, plus the 6,328 shares not reserved for such exchange offer, will be offered to the public, at a price to be supplied by amendment. Harriman Ripley & Co., Inc., Philadelphia, is named principal underwriter; other underwriters will be supplied by amendment.

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

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

Amendment filed Jan. 29, 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

(This List Is Incomplete Today)

THE PENNSYLVANIA RAILROAD

SUMMARY OF ANNUAL REPORT FOR 1941

THE 95th Annual Report of the Pennsylvania Railroad Company covering operations for 1941 will be presented to the stockholders at the annual meeting on April 14, 1942. Operating revenues increased $136,447,755 or 28.6% over 1940. Operating expenses increased $104,222,597 or 30.8%. Taxes increased $22,274,360 or 50.8%. Net income was $52,383,958 an increase of $11,608,128. Surplus was $48,414,588, equal to 7.4% ($3.68 per share) upon the outstanding Capital Stock (par $50) as compared with 5.6% ($2.80 per share) in 1940.

OPERATING RESULTS	1941		INCREASES OR DECREASES OVER 1940
Total Operating Revenues Were	$614,041,163	I	$136,447,755
Total Operating Expenses Were	442,677,275	I	104,222,597
Leaving Net Revenue From Railway Operations of	171,363,888	I	32,225,158
Taxes Amounted to	66,159,548	I	22,274,360
Hire of Equipment and Joint Facility Rents Were	8,101,852	D	652,204
Leaving Net Railway Operating Income of	97,102,488	I	10,603,002
Income from Investments and Other Sources Was	*41,663,095	I	365,787
Making Gross Income of	138,765,583	I	10,968,789
Fixed Charges, Chiefly Rentals Paid to Leased Roads, and Interest on the Company's Debt	86,381,625	D	639,339
Leaving Net Income of	52,383,958	I	11,608,128
Appropriations to Sinking and Other Funds, etc.	3,969,370	I	90,205
Surplus	$ 48,414,588	I	$ 11,517,923

Includes dividend of $5,000,000 (par value) in securities received from Pennsylvania Co.

Dividends aggregating 4% ($2.00 per share) were paid during 1941, compared with 3% ($1.50 per share) in 1940.

THE NATIONAL EMERGENCY

The railroads have again demonstrated their capacity and ability, under private management, to meet successfully and completely the demands made upon them by the National Emergency. The efficient performance has been well recognized.

During 1941 the freight traffic was greater than any previous year in their history and the passenger traffic was greater than any year since 1929. Although the ownership of freight cars was 600,000, or 26% less than in 1929, with a greater capacity of cars and locomotives it was possible, by continuous improvement in facilities and operating methods, to handle this large traffic without congestion or car shortage.

The railroads of the country are alert to their responsibility in the moving of men and materials so essential to our National Defense. The Company is participating with all its resources, including expenditures for improvements, towards producing the maximum of transportation efficiency.

FINANCE

The Company's net funded debt was reduced $12,947,970 during the past year. Equipment Trust Obligations increased $4,704,000 due to the issuance of $11,925,000 Fifteen-year 1¾% obligations, which were sold on a 1.744% basis to finance, in part, the cost of new equipment. This in turn was offset by the payment of obligations amounting to $7,221,000.

The System's funded debt in the hands of the public was reduced almost $30,000,000 through securities retired at maturity, bonds redeemed through sinking funds, and bonds acquired by System Companies.

EQUIPMENT

To meet the requirements of National Defense new equipment placed in service during 1941 included 4,954 freight carrying cars, 200 cabin cars, 3 locomotives, 41 large capacity tenders, 668 freight containers, 4 passenger coaches, 3 car floats and 1 tug boat. In addition 110 passenger train cars were remodeled. On order at the end of the year were 6,922 freight carrying cars, 250 cabin cars, 23 locomotives, 16 large capacity tenders, 14 passenger coaches, 10 car floats, 15 barges, 10 lighters, 1 tug boat, and 1 track sweeper.

Capital expenditures were also made for additions to, and betterments of, roadway, structures and equipment, many of which were necessary in connection with National Defense.

In the 12 year period ended December 31, 1941, in addition to new and improved types of passenger coaches and dining cars, and remodeling and air-conditioning of passenger train equipment, more than 35,000 new freight cars and 336 locomotives of the most efficient type and advanced design were placed in service. There was also expended nearly $670,000,000 for additions and betterments to equipment, roadway, structures, and other facilities in the interest of improved service to the public.

This program of additions and betterments is indicative of the Company's efforts to be prepared to meet the defense needs of the country.

PASSENGER SERVICE

During the year, passenger services were further improved and three entirely new trains were added: (1) "The Jeffersonian", an all coach train operating between St. Louis and New York on a 20¼ hour schedule; (2) "The Patriot", operating between Washington, Baltimore, Philadelphia, New York, and Boston, with modern coaches, dining and lounge cars, and pullman sleepers, on an 8 hour, 40 minute schedule, the fastest service ever provided between Washington and Boston; and (3) "The Pennsylvanian", between Chicago and New York, affording the latest evening departure from Chicago with morning arrival at Philadelphia, New York, Baltimore and Washington.

In cooperation with its connections and other railroads in the Chicago-Florida passenger field, the Company participated in a comprehensive plan for full coordination of fast passenger service between Chicago and various parts of Florida, effective December 17, 1941, which resulted in substantial operating economies while at the same time affording the travelling public the fastest and most attractive sleeping car and coach service ever offered in that territory.

A number of other improvements in passenger train service were also effected, including further quickening of schedules of several through trains between the East and the West.

WAGES

During the year, demands were made upon the railroads of the country by the labor organizations for heavy increases in wages, and modification of working conditions, as a result of which the basic rates of pay of certain employes were increased 9½ cents per hour and 10 cents per hour for others, with certain additional concessions for paid vacations. On the basis of 1941 payrolls, the increased cost to the Company per annum is $38,000,000.

FREIGHT AND PASSENGER RATES

In addition to the wage increases which involved an increase of approximately $332,000,000 per annum in the operating cost of the railroads, the railroads anticipated, with the war on, increases in other expenses which would not be taken care of by the probable increase in volume. Thus, unless increased rates could be obtained, the railroad's efforts to continue to provide the adequate and efficient railroad transportation, made necessary by the war, might be seriously affected. The railroads of the country, including the Company, therefore, petitioned the Interstate Commerce Commission on December 13, 1941, for authority to increase freight and passenger rates, other than the special rates provided for the military and naval forces of the United States travelling on furlough.

Hearings have been held in this proceeding. The Commission on January 21, 1942, authorized an increase in passenger fares; and on March 2, 1942, authorized a slight increase in freight rates.

TAXES

Taxes amounted to $66,159,548, an increase of $22,274,360, or 50.8%. Of this $18,648,885 was chiefly due to larger income and higher Federal Income tax rate. Higher payrolls resulted in an increase of $1,812,474 in Unemployment Insurance taxes, while Railroad Retirement taxes increased $1,813,001.

All taxes require about 10.8 cents out of each dollar of operating revenue, equivalent to 10.1% ($5.04 per share, an increase of $1.69 per share) upon the capital stock.

The railroads continue to be the only form of transportation used generally by the public that provides its own right of way and terminals, pays for their maintenance, and in addition pays taxes for the support of Government.

STOCKHOLDERS

The Capital Stock of the Company, at the close of the year, was owned by 205,012 stockholders, the average holding being 64 shares. Information concerning the Company and its activities will be furnished stockholders upon request and constructive suggestions respecting the Company or its service are always appreciated and receive careful consideration.

The Board takes pleasure in acknowledging the continued efficiency and loyalty of all the employes during this period of great national stress. We know that they will continue to do their full share in meeting the additional heavy responsibilities that have now been placed upon them.

M. W. CLEMENT, *President*

THE PENNSYLVANIA RAILROAD

SHIP AND TRAVEL VIA PENNSYLVANIA

Stockholders can obtain copies of the Annual Report from J. Taney Willcox, Secretary, Broad Street Station Building, Philadelphia, Pa.

Timely Discussions At N. Y. Dealers Dinner

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, at the New York Security Dealers Association 16th Anniversary dinner to be held on March 26, at the Waldorf Astoria Grand Ballroom, according to the committee in charge of the program.

Ganson Purcell, Chairman of the Securities and Exchange Commission, will address the gathering on the first named subject, while the problem of production necessary to win the war will be presented by Clarence J. Reese, President of Continental Motors Corporation. Alexander Drier, radio commentator, 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.

Yonkman & Smith Now With King, Wulf Co.

GRAND RAPIDS, MICH. — George Yonkman, formerly President of Harper, Wegusen & Yonkman, Inc., and J. Alan Smith, sales manager for the same firm, have become associated with King, Wulf & Co., Michigan National Bank Building, Mr. Yonkman having been elected a Vice-President. J. Henry Geurkink, Leon Brice Hadden, and Fred A. Vander Meer, also previously with Harper, Wegusen & Yonkman, are now with King, Wulf & Co.

Boston 'Change Firms Elect 1942 Officers

BOSTON, MASS.—At the 22nd annual meeting of the Boston Association of Stock Exchange Firms held today at the Boston Stock Exchange, the following were elected Governors to serve for three years: Robert B. Almy, Townsend, Dabney & Tyson; Herman F. Clarke, Estabrook & Co.; Ralph Hornblower, Hornblower & Weeks; and Lester Watson, Hayden, Stone & Co.

Officers elected were as follows: John R. Chapin, Kidder, Peabody & Co., Chairman of Board; Herman F. Clarke, Estabrook & Co., Vice Chairman; Alexander H. Bright, Elmer H. Bright & Co., Treasurer and Edward H. Kittredge, Hornblower & Weeks, Secretary and Assistant Treasurer.

John Blake Now With Eaton & Howard, Inc.

(Special to The Financial Chronicle)

BOSTON, MASS. — John L. Blake has become associated with Eaton & Howard, Incorporated, 24 Federal Street. Mr. Blake was formerly for many years a partner in Tifft Brothers

Our Reporter On "Governments"

If you needed any confirmation of the report of a huge borrowing in the open market in April, just study the Federal Reserve System's statement of last Friday. . . . Showing the Treasury's balance with the Reserve Banks down to $60,267,000, the lowest figure in any number of years and an amazingly small figure considering the times, the rate of daily spending. . . . Of course, there was a reason for letting the balance go down that much, for that was the last statement before the income tax payment date. . . . But, nonetheless, the extent of the drop in the Treasury's cash balance in a few weeks brings home again the terrific total of spending these days and the continuing need for financing.

The next deal will come in April, then. . . . Maybe, early in the month. . . . And the cash request this time may be larger than at any previous time. . . . It may rise to $2,000,000,000, as a matter of fact. . . . Some Government bond dealers are predicting that total. . . .

And if you want to find a basis for the next forecast, glance at a listing of the Government's bond and note issues outstanding today. . . . There are 33 different bond issues alone! . . . The market may be reaching the saturation point as far as ordinary new issues are concerned. . . . The time may be approaching for a "change"—of some nature to reawaken investors' interest in purchasing new securities. . . .

What Change?

There are so many reports of different issues under consideration that it is next to impossible to discover which have a basis of validity and which have not. . . . One story is that a "tap issue" will be tried within a few months. . . . Another is that "odd things will be done with coupons, such as making them variable with the level of interest rates." . . . A third is that an issue without a maturity will be attempted, and a clause will be inserted permitting conversion of the non-maturity issue into a maturity issue after the war. . . . There are dozens of rumors akin to these—all indicating discussion of change but none pointing the way definitely to the exact change. . . .

It seems unlikely that a tap issue will be tried just yet. . . . Maybe later in the year, maybe this summer, but not next month. . . . As for the other tales, they appear a bit fantastic. . . . And yet, if the market does indicate it has had enough of ordinary long-term and intermediate-term issues, Secretary Morgenthau will have to invent a feature to arouse buying sentiment. . . .

If that move is delayed until the financing after this, the odds are we'll get in April a long-term 2Z% bond, due in early '60s. . . . And the odds are that before the issue is offered, action will be taken to ease the banking position and to encourage commercial banks, especially, to purchase the new bonds. . . .

That, in turn, would suggest a cut in reserve requirements in the near future. . . . Or perhaps just a change in the reserve requirement rules, according to one dealer, to ease the money position in New York and Chicago. . . . It could be done by changing these two cities from central reserve cities to reserve cities, for by that move, the banks could be allowed to reduce their reserves against deposits. . . .

Support

Report from Washington is that Morgenthau will get his authority to purchase any outstanding Government obligations in the open market "at or before maturity." . . . And he'll get this authority along with the power given to him in the second war powers bill, to sell new securities direct to the Federal Reserve Banks. . . .

Assuming these developments come through, Morgenthau could raise billions by selling bonds direct to the Reserve Banks and then turn around and use the cash to buy outstanding Treasury securities. . . .

Thus, the market could be supported at present levels for an indefinite period. . . . And thus, a major re-distribution in the public debt could be engineered—for the debt would be shifted from the portfolios of commercial banks to the portfolios of the 12 semi-public Federal Reserve Banks. . . .

Incidentally, this wouldn't mean, under any circumstances, a net decline in bank holdings of Governments. . . . On the contrary. . . . It's figured that the nation's banks and insurance companies must contribute between $20,000,000,000 and $25,000,000,000 annually toward war financing. . . .

That's where the "special issues" come in. . . . That's where the question of changing the methods of financing comes in too. . . .

Inside The Market

Dealers talking about need for fundamental change in psychology of buyers of Governments. . . . Away from the idea that all issues must be tremendously over-subscribed and must rise to big premiums immediately, back to idea that an issue is a success if it's just "bought" and is worth the price at which it is sold for a while. . . . Means end of boom period in Government financing, which began when Roosevelt Administration came in. . . .

Feeling is Secretary Morgenthau received many more tax anticipation notes this week in payment of income taxes than he anticipated. . . .

War budget may go to $75,000,000,000 next year, indicating inevitability of forced savings plan. . . . Defense bond sales won't bring in more than $10,000,000,000 a year, at the outside, on a "voluntary basis." . . . Forced savings plus compulsory purchases of defense bonds looked for. . . .

Testimony before Congress by Morgenthau last week suggests his awareness of this. . . . He said he wouldn't know the results of the defense bond sale on a voluntary basis until June, 30. . . .

Market is dull again. . . . Little trading by dealers on either side. . . . Professionals again talking new financing most of the time. . . . Moving to the sidelines pending announcement next month. . . .

Considerable amount of switching has been going on between taxable 2s and tavable 2¼s. . . . Good switch from 2s to 2¼s still indicated. . . .

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 16 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated March 18 and to mature June 17, 1942, which were offered on March 13, were opened at the Federal Reserve Banks on March 16. The following details of this issue are revealed:

Total applied for___$535,473,000
Total accepted_____ 150,273,000

Range for accepted bids (excepting two tenders totaling $90,000):

High—99.975. Equivalent rate approximately 0.099%.

Low—99.947. Equivalent rate approximately 0.210%.

Average Price 99.951. Equivalent rate approximately 0.195%.

(99% of the amount bid at the low price was accepted.)

There was a maturity of a similar issue of bills on March 18 in amount of $150,040,000. There also matured this week three other issues of bills — $150,174,000 on March 16, $150,004,000 on March 17 and $150,230,000 on March 19—to be paid off with income tax receipts.

Francis I. duPont Dead

Francis I. duPont, senior partner in Francis I. duPont & Co. and Chisholm & Chapman, 1 Wall Street, New York City, and internationally known research chemist, died on March 16. Mr. duPont held more than 100 patents, but was best known for the development of a process for mineral seperation known as the "sink and float" method. He organized Francis I. duPont & Co. in 1931 at the height of the depression; the firm expanded to have twenty offices and in July of 1941 was merged with Chisholm & Chapman to form Francis I. duPont & Co. and Chisholm & Chapman. Before going into the investment business, Mr. du Pont was a Vice-President of E. I. duPont Company.

Alvin Jordan With Allan N. Young & Co.

PHILADELPHIA, PA. — Allan N. Young & Co., Inc., 225 South 15th Street, announces that Alvin W. Jordan has become associated with them. Mr. Jordan was formerly manager of the trading department for Charles A. Taggart & Co., was with G. L. Ohrstrom & Co., was trading manager of the local office of Auchincloss, Parker & Redpath and in the past was an officer of Janney & Co.

Carl Jacob Dersch and Harry Raymond Snell have become associated with the Reading office of Allan N. Young & Co., in the Colonial Trust Building. Mr. Snell was formerly Reading representative for Allen E. Beers & Co.

Firemen's Ins. Looks Good

A detailed memorandum on Firemen's Insurance Company of Newark has been issued by Huff, Geyer & Hecht, Inc., 67 Wall Street, New York City, discussing in detail the interesting current situation in this stock. The March 7 issue of the firm's "News Review" contains interesting details on several insurance stocks and gives a comparative table of operating results on seventy-four fire and casualty insurance companies. Copies of the memorandum and the "Review" may be had from Huff, Geyer & Hecht upon request.

New Cotton Exch. Member

At a meeting of the Board of Managers of the New York Cotton Exchange held on March 17, Edward A. Hillmuth, a partner of Robert Moore & Co. of New York City, was elected to membership in the Exchange.

Reitenbaugh Retires From Bond & Goodwin

John S. Reitenbaugh has withdrawn as a Vice-President and Director of Bond & Goodwin, Inc., 63 Wall Street, New York City.