MAR 27 1942

Final Edition THURSDAY In 2 Sections – Section 1

The COMMERCIAL and FINANCIAL CHRONICLE

Reg. U. S. Pat. Office

Volume 155 Number 4058 New York, N. Y., Thursday, March 26, 1942 Price 60 Cents a Copy

Our Reporter On "Governments"

Study the bank statement that came out last Friday with more seriousness than you've studied any other in recent months. . . . Study it because it was the first report issued by the Federal Reserve System after the income tax date. . . . It indicates, therefore, how the Treasury made out on March 15, that crucial day in fiscal affairs. . . . It tells you how its spending is going. . . . It suggests clearly and unmistakably the magnitude of the borrowing task ahead of Secretary Morgenthau. . . .

The most important figures in the statement, of course, were those revealing the Treasury's balance with the Federal Reserve Banks and those showing the totals of excess reserves of the member banks. . . . Here's what the statement tells you:

(1) The Treasury collected a much greater amount of its taxes in tax-anticipation notes than had been generally anticipated—a forecast made several times in this column. . . . That fact is shown in the statistic indicating the Treasury's balance with the Federal Reserve Banks off $1,408,000 to $58,859,000, the lowest total in years in the week of the heaviest tax collections in history. . . .

(2) We may expect this trend to intensify rather than to become less important, for more and more institutions and individuals will be buying tax-anticipation notes as this year goes by and familiarity with the attractiveness of these notes broadens. . . .

(3) Within a short time, the Treasury must make calls on its war loan depositaries. . . . Despite the fact that there won't be any bill maturities for another two weeks and some income tax funds will be coming in over the remainder of this month. . . .

(4) A huge cash borrowing must be undertaken in April, possibly early in the month. . . . In the six days ended March 17, the Treasury spent $722,500,000, at a rate of more than $120,400,000 a day. . . . These are primarily war expenditures. . . . No longer are we just "appropriating." . . . We're really "spending" the money. . . .

This contrast may be enlightening. . . . Last year, over the income tax date, the Treasury's balance with the Reserve Banks rose $491,000,000. . . . Income tax collections were smaller, of course. . . .

This year the balance went down $1,408,000. . . . And income tax collections were at the record high of $1,085,000,000 in the six days ended March 17. . . .

The Market

Meanwhile, the Government market does nothing and may be expected to do nothing during this waiting period before announcement of the next borrowing. . . . In the last 30 days, tax-exempt bonds have risen about 2 points—a tremendous rise and much more impressive than any advance in taxable securities. . . . The rise was due to the fact that these bonds were under-priced or, maybe, the word is "over-sold". . . . And clarification of the position of partially tax-exempt bonds by Treasury experts has been a great aid to the market. . . .

Tax-exempts and taxables now are just about in line. . . . At least, they're enough in line to permit the market to rest at this point. . . .

For another thing, the market now cannot help but be aware of the possibility that the April borrowing may be closer to the $2,000,000,000 figure than the $1,000,000,000 figure. . . . There's no

(Continued on Page 1234)

OUR REPORTER'S REPORT

The market is hungry for new material in the opinion of observers who are in a position of constantly watching the situation. Their observation is limited, of course, to the high-grade section of the investment market, and it is the conviction in such circles that a well-rated issue, if it could be brought out now, would be assured of a ready reception.

To support their contention, they cite the sustained demand for high-grades, particularly among the top-ranking utility issues, notwithstanding the low-coupons and correspondingly low yields which continue to prevail for such paper.

True this accumulation still takes the form of orders for small lots, relatively speaking, running from 25 to 50 bonds, but the demand has been persistent recently and it has been noted that bonds so purchased are going out of the Street.

That such demand has been cutting into already modest offerings is evident from the thinness of the "order" market in many such issues. As an example of this condition they cite the performance of American Telephone & Telegraph Company 3¼s of 1961.

That issue closed on Monday at 106¾ and moved up the following day almost a full point on a few transactions.

Bids Due Monday

The setting is viewed as decidedly favorably, provided nothing unforeseen happens in the interval, for the sale of the $10,000,000 additional of 3⅜% bonds, Series of 1971, which the Union Electric Company of Missouri, will dispose of on Monday.

The big North American Company subsidiary will open

(Continued on Page 1233)

Capital Gains Tax Defeats Own Purpose Says Schram Of NYSE, Urging Lowering Tax

Viewing the present capital gains tax as defeating "its own purpose as a revenue-raising measure" Emil Schram, President of the New York Stock Exchange, told the House Ways and Means Committee on March 20 that he is convinced that the lowering of the capital gains tax will free equity capital and, by so doing, will not only help to shift a portion of the financing of the defense effort from Government to private capital but also to increase the revenue derived from the capital gains tax itself."

Mr. Schram's statement before the Committee was presented during a hearing on the bill of Representative Boland proposing a change in the capital gains tax, eliminating the existing distinction between short- and long-term capital gains and fixing a flat rate of 10% thereon. Mr. Schram stated that "I think it is demonstrable that the high capital gains tax has been an important factor in discouraging people from making capital investments. In addition," he said, "it has discouraged those with profits from realizing them." In full Mr. Schram's statement follows:

You have heard a great deal of opinion and testimony of a technical nature relating to the capital gains tax in the course of these hearings. I want to take a few minutes to discuss with you the general philosophy of this tax, as I see it. Having but recently left the Government service, I think I can look at this problem in a somewhat detached manner and from the point of view of those of you whose responsibility it is to provide revenue in increasingly large amounts for the conduct of the war.

Considering the overwhelming burden imposed upon the Treasury and the Federal credit by the necessities of war financing, it would be utterly foolish for anyone to propose at this time any change in the capital gains tax which did not promise greater revenue to the Government. Both the proponents and the opponents of the capital gains tax provisions agree that the paramount purpose is to raise revenue. I want to show you why I think the present capital gains tax has defeated its own purpose as a revenue-raising measure. Because I recognize the imperative emergency need of revenue, I will not discuss the unsoundness of the principle of the capital gains tax. That discussion, in my judgment, can be left to a more appropriate time. At the moment, all of us are concerned, above everything else, with the problem of financing the war. What I have to say bears directly upon that problem.

It seems to me that there are but two reasons why people invest their capital. Either they invest to obtain an income by way of rents, dividends or interest or they invest with the hope that they may sell the investment at a profit. Unless taxpayers are willing to buy and

(Continued on Page 1230)

INDEX

	Page
Our Reporter's Report	1225
Bank and Insurance Stocks	1230
Calendar of New Security Flotations	1238
Investment Trusts	1231
Municipal News and Notes	1232
Personnel Items	1228
Railroad Securities	1229
Securities Salesman's Corner (The)	1231
Tomorrow's Market—Walter Whyte Says	1229
Bond Selector (The)	1234
Our Reporter on Governments	1225
Uptown After 3	1236

Allan Eustis, Jr. Captain In Air Corps

Allan Eustis, Jr., of Spencer Trask & Co., 25 Broad Street, New York City, has received a commission as Captain in the Army Air Corps. Mr. Eustis, who has long been active in aviation, won the Amateur Flying Derby, New York City to Cleveland, in 1931.

Charles F. Bryan has been appointed manager of the Bond Department of Spencer Trask & Co., to succeed Captain Eustis. Mr. Bryan has been with the firm for many years.

R. Sims Reeves Joins Greene's Trading Dept.

Greene and Company, members of the New York Security Dealers Association, 37 Wall Street, New York City, announce the association with them of R. Sims Reeves, previously manager of the trading department of Sutro Bros. & Co., New York. Mr. Reeves has been in the Street for the past 20 years; he was formerly with Robert C. Mayer & Co., Inc., and prior thereto was in business under his own name.

The Possibilities Of Latin-American Bonds

By Walter Dyckman

Long-delayed buying of raw materials by the United States has caused sudden demands for Latin-American products. With the fall of Malaya, Java and Singapore, which were large producers of tin, rubber and other important products, attention has now been focused on South America.

In practice, tin production is the governing factor in Bolivian trade and accounts for 71% of the exports. Mining is the chief industry of the country and minerals compose about 98% of the exports. Bolivia is now the largest tin producing country in the Western Hemisphere. The United States has recently made a five-year contract with Bolivia calling for $25,000,000 of tin annually. This tin will be smelted at a large smelting plant recently erected by our Government in Texas City, Texas. Practically every ounce of tin used by the United States will have to be purchased from Bolivia.

This is only one illustration of how many of the Latin-American countries will benefit from our large war production.

Since about 1931 many of these countries have been in default on their bonds, but recently some have begun to pay small amounts of interest. The markets for Latin-American bonds, during the last two years, have been showing a gradual appreciation in price. Below is a table showing the prices of a few of these bonds and their price appreciation since 1940:

	1940	1941	1942
Argentine 4s, 1972	54½	58½	68½
Argentine 4½s, 1971	61½	65	76½
Brazil 8s, 1941	10½	17¾	30¼
Brazil 6½s, 1957	8¼	15¼	25⅞
Uruguay 3¾s - 4s - 4½s, 1979	32⅛	35⅞	55
Bolivia 8s, 1947	2½	3½	12½
Bolivia 7s, 1969	2⅝	3⅛	11¼
Bolivia 7s, due 1958	2⅝	3¼	11⅛
City of Sao Paulo (Brazil), 6s, 1943	4	7¾	14¼
Brazil Funding 5s, 1951	20¼	36	47
City of Cali (Colombia), 7s, 1947	15	14	18½
Dept. of Caldas (Colombia), 7½s, '46	7	7	14½
Dept. of Cauca Valley (Colombia), 7½s. 1946	7	7	13¼
Republic of El Salvador, 7s, 1957	6	6	9½

The largest appreciation in these bonds has taken place from 1941 to 1942 and largely since the United States entered the war.

Our Government has not even begun to buy the immense amount of products needed from the Latin-American countries and our future trade with them will undoubtedly be of huge proportions. It is far from a remote possibility, therefore, that many of these countries will begin to prosper to such an extent that they will not only be able to balance their budgets, as Bolivia has already done, but will be able to purchase their own bonds or possibly refund them with lower coupons. Most of these bonds were issued when 7% and 8% coupons were in vogue and, as many of them have been in default since 1931, due to lack of export business and our own business depression, there has been, of course, no way to dispose of these high interest rates.

Just how important are these countries to our war production needs?

The chief exports of these countries are as follows:

Argentina: Wheat, wool, beef, linseed, cattle hides and corn.

Bolivia: Tin, silver, lead, copper and tungsten.

Brazil: Coffee, cotton, preserved meats, hides and skins.

Chile: Copper, nitrate, gold, silver, ores, petroleum, bananas and cattle hides.

Uruguay: Wool, chilled beef, preserved meat, linseed and cattle hides.

Some Latin-American countries have already received lend-lease agreements from our country. Bolivia is one of these countries whose agreement totals about $11,000,000.

It has already been agreed between our country and Brazil that both countries will cooperate on mutually beneficial terms in stimulating the production of important materials now so sorely

(Continued on Page 1240)

Aetna Life Combines Advertising & Publicity

Pres. Morgan B. Brainard of the Aetna Life Group, announced the combining of the advertising and publicity departments of the Aetna Life Insurance Company and its affiliated companies, the Aetna Casualty and Surety Company, the Automobile Insurance Company, and the Standard Fire Insurance Company, effective immediately. The consolidated department will be headed by Stanley F. Withe, until now manager of the publicity division of the casualty, surety, fire and marine departments.

Under Mr. Withe's general direction, the announcement stated, C. V. Pickering will have general charge and oversight of the advertising of the life insurance activities of the group, R. E. Brown, Jr., of the casualty department, and H. C. Pulver of the fire and marine and allied lines.

Norris Named V.-P. Of Commerce Union

NASHVILLE, TENN.—W. F. Norris has become a vice-president of the Commerce Union Bank, 400 Union Street. Mr. Norris was formerly a vice-president of C. F. Childs & Company, investment house of Chicago.

Goshia To Be Partner In Collin, Norton Co.

TOLEDO, OHIO—Oliver Goshia, for many years manager of the trading department of Collin, Norton & Co., 508 Madison Avenue, members of the New York Stock Exchange, will be admitted to partnership in the firm as of April 1.

Wall St. Riders To Hold Charity Show

Burton Wander, J. S. Bache & Co., President of the Wall Street Riding Club, has announced that the Seventh Annual Charity Horse Show and Dance will take place on the afternoon and evening of Saturday, April 11, at the club's ride headquarters, Aylward's Academy, 32 West 67th Street, New York City.

Patrons of the show include members of the club's board of advisors, Harvey D. Gibson, Manufacturers Trust Co.; John M. Schiff, Kuhn, Loeb & Co.; Chase Donaldson, Distributors Group, Inc.; Jansen Noyes, Hemphill, Noyes & Co.; E. Roland Harriman, Brown Bros., Harriman & Co., and B. A. Tompkins, Bankers Trust Co.

Mr. Gibson several years ago placed in competition a trophy titled "The Gibson Perpetual Challenge Trophy," which is open for competition to members of the club only and is awarded on "seat, hands and general management of the horse." A replica of the trophy is presented to the winner each year.

Mr. Wander has appointed the following committee to manage the show: Chairman, Gerhard H. Struckmann, Bank of Manhattan; Treasurer, William Salisbury, and Secretary, Miss Marie R. Cambridge.

Proceeds of the show will be donated to The Tribune Fresh Air Fund, which also was the recipient of a sizable donation from last year's show.

The show not only attracts many spectators from the financial community, but also many brokers can be found among the entries. Dancing will follow at the conclusion of the ring's program.

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 26, 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.

Increased Earnings For NYSE Listed Cos.

The March issue of "The Exchange" magazine, published by the New York Stock Exchange, in an article on "Corporate Income in 1941," points out that while, for the first time in history, many companies in 1941 paid out more than one-half of their total net income for taxes, still net earnings, after taxes, were more substantial than in any other recent year. Earnings of 534 companies with issues of common stock listed on the New York Stock Exchange were 21.9% larger, in the aggregate, than in 1940, with profits totaling $2,882,021,000, against $2,363,800,000 in the year before. However, the publication states, "the increase does not, for the most part, represent additional cash available for still higher taxes, wages or dividends." The article goes on to state:

By industries, the largest gains in earnings last year were made by: Rails, an increase of 112.3%; business and office equipment, 73.2%; petroleum, 67.2%; textile, 53.8%, and aviation, 51.5%.

Meanwhile, the financial, public utility and tobacco companies fell behind their 1940 record.

The largest dollar increases among the individual industries, for the companies reporting to date, were: 62 companies in the rail industry, a gain in combined net income from $225,300,000 to $478,378,000; 32 steel companies, a gain from $268,000,000 to $306,995,000; and 13 petroleum companies, from $49,800,000 to $83,275,000.

Although aggregate profits gained substantially over 1940—with the increase even sharper than the gain recorded from 1939 to 1940—improvement of income was by no means universal. One hundred and twenty-one, or almost one-fourth, of the companies had less favorable results in 1941. These were mainly in the financial, tobacco and public utility groups, but there also was a sprinkling of companies whose profits receded in the other groups.

Twelve States Adopt Uniform Blue Sky Form

Securities commissions of 12 States have adopted a uniform form for the qualification of new securities under their respective "blue sky" laws in line with a program worked out by the committee on uniformity of the National Association of Securities Commissioners. This was disclosed in a communication sent on Mar. 23 by the State Legislation Committee of the Investment Bankers Association of America to all major underwriters of new securities, urging their fullest cooperation with the State commissioners by using the forms in all cases where they are applicable.

According to the IBA announcement, States which have approved the proposed form are Alabama, Arkansas, Iowa, Minnesota, Nebraska, New Hampshire, Ohio, Rhode Island, Tennessee, Texas, Virginia and Wisconsin. North Carolina will adopt the form as of April 1 and it is anticipated that additional States will approve its use as soon as they have had an opportunity to investigate its adaptability under the provisions of their particular statutes, the letter stated.

In urging members to utilize the new forms, the IBA emphasized their economy and time-saving to issuers and underwriters. It said:

> We are indebted to the Securities Commissioners' Association and the members of its committee for a tremendous amount of research and labor in this matter and for their very conscientious effort to cooperate with legitimate business to the end of reducing to the minimum the burdens incident to compliance with the several State laws. The economies and advantages to be derived from these efforts will not materialize, however, unless the industry, including issuers, underwriters, and those primarily responsible for the registration of securities make use of the forms thus provided.

Vern G. Zeller, Securities Commissioner of Wisconsin, was Chairman of the Committee that prepared the uniform form. Paul L. Selby, Ohio Securities Commissioner, is President of the association. It is indicated that two major advantages cited for the new forms are:

(1) The obvious savings to issuers and underwriters in preparing facts and figures on one uniform set of statements in lieu of the variety involved when each State asked for information on its special set of forms; and

(2) Savings to the States themselves in the elimination of printing and other costs in the preparation of their present forms.

Herczel Dies

Richard E. Herczel, Manager of the Municipal Bond Department of Shillinglaw, Crowder & Co., Chicago, Ill., died on Mar. 13.

Recommends Changes In Defense Bonds

The following letter regarding U. S. Defense bonds has been sent to Mr. M. S. Eccles, Federal Reserve System, Washington, D. C., by Thomas Graham, Bankers Bond Co., Louisville, Ky.:

"I wrote to Mr. Harold N. Graves, Assistant Secretary of the Treasury, on Feb. 28 regarding Defense Bonds, a copy of which letter is attached, and I also sent copies to various people asking for their reactions to my letter. I have heard from a great many individuals, business men and bankers in Kentucky, and the compilation of their conclusions is as follows:

"(1) That the name should be changed to 'War Savings Bonds' or 'Victory Savings Bonds.'

"(2) That all advertising should be characterized by airplanes, tanks, battleships, implements of modern warfare and the American Eagle; and not by a Minuteman with an outmoded musket. That people want offense and not defense 'now.'

"(3) That the sale of Defense Bonds should be handled in the future by Federal Reserve Banks and that they have full supervision and direction of sales and method of sales. The reason for this is that rightfully or wrongfully, due to past and recent controversies over present and future taxes, social security increases, taxing municipals, etc., the public seems to have gotten the impression that certain members of the Treasury Department are not acting in entire good faith, and as Government bonds are backed only by good faith of the country itself, it would be better to have this deterent eliminated by another agency handling the sale of the bonds. Also, a great many small buyers who do not really understand such matters, have gotten the impression that the paying of taxes and the purchasing of Defense Bonds will in the end be one and the same thing.

"(4) The bonds should be reset on a basis of 20 to 25-year non-negotiable 2½% bonds. In other words, when money is cheap every effort ought to be made to sell as long-term bonds as possible to the individual investor. There are plenty of other Government bond issues available for banks, insurance companies and other agencies to invest in.

"(5) That every effort should be made to sell this type security to the individuals benefiting from the war effort. At the end of the war period a great many people will, therefore, have a financial stake in their Government which will be helpful in the interest of good government.

"I am respectfully submitting these suggestions to you, as under present conditions it seems to me it is up to everybody to do everything they can from a constructive standpoint to back up the President in this terrific emergency. It simply means that certain policies of various departments have to be revamped in the same way the President has recently so ably revamped the leadership of the armed forces."

Customers Brokers Seek Curb On SEC

The Association of Customers Brokers has petitioned Congress to amend the securities laws so that the legislation will prescribe the exact powers which it considers necessary for the protection of investors and in the public interest. In a letter to Representative Lea, Chairman of the House Interstate Commerce Committee, and head of the subcommittee now drafting amendments to the Securities Act of 1933 and the Securities Exchange Act of 1934, the Association says that it is in full accord with the underlying purposes of these Acts and sets forth its position as follows:

> In our opinion, the granting of broad discretionary powers to an appointed commission which directly or indirectly controls the financial fortunes of millions of investors and hundreds of institutions handling billions of savings and invested capital, is, in many instances, detrimental to the public interest.
>
> This constitutes government by men rather than by law. We feel that under clearly defined laws the securities business, of which we are a part, can render more competent and more effective advice and service to the investing public.

The Association also asks that provisions of the Acts that now delegate discretionary powers to the Securities and Exchange Commission be amended or deleted.

Bond Club Of Denver Bowling League Returns

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

	Won	Lost	Pct.
Roystones	20	4	.833
Odd-Lots	16	8	.667
Municipals	12	12	.500
Preferreds	11	13	.458
Over-the-Counters	10	14	.417
Investment Trusts	10	14	.417
Corporates	9	15	.375
Dividends	8	16	.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-Counters 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.

Groch Goes To Detroit As J. S. Bache Manager

J. S. Bache & Co., members New York Stock Exchange, announce that Louis J. Groch, formerly in charge of their Albany, New York office, has been appointed manager of their Detroit office in the Penobscot Building. He will take up his new duties immediately.

Nat'l Quotation Staff 100% For Defense Savs.

Employees of National Quotation Bureau, Inc., New York, Chicago and San Francisco, are participating 100% in a voluntary weekly payroll subscription plan in buying United States defense savings bonds and stamps.

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.

DIVIDEND NOTICES

American Woolen COMPANY
INCORPORATED
225 FOURTH AVE., NEW YORK, N.Y.

AT a meeting of the Board of Directors of the American Woolen Company held today, a dividend on the Preferred Stock of $2.00 a share on account of arrears was declared, payable April 15, 1942 to stockholders of record April 1, 1942. Transfer books will not close. Checks will be mailed.

F. S. CONNETT, *Treasurer*

March 18, 1942.

CITY INVESTING COMPANY
55 Broadway, New York

March 19, 1942

The Board of Directors has this day declared, out of surplus earnings of the Company, a dividend for the three months ending March 31, 1942, of one and three quarters (1¾%) per centum upon the issued and outstanding Preferred Capital stock of the Company, other than Preferred stock owned by the Company, payable April 1, 1942, to holders (other than the Company), of the Preferred Capital stock of record on the books of the Company at the close of business on March 26, 1942. Checks will be mailed.

G. F. GUNTHER, Secretary

National Power & Light Company
$6 PREFERRED STOCK DIVIDEND

The regular quarterly dividend of $1.50 per share on the $6 Preferred Stock of National Power & Light Company has been declared for payment May 1, 1942, to holders of record at the close of business April 15, 1942.

ALEXANDER SIMPSON, Treasurer.

PACIFIC GAS AND ELECTRIC CO.
DIVIDEND NOTICE
Common Stock Dividend No. 105

A cash dividend declared by the Board of Directors on March 18, 1942, for the quarter ending March 31, 1942, equal to 2% of its par value, will be paid upon the Common Capital Stock of this Company by check on April 15, 1942, to shareholders of record at the close of business on March 31, 1942. The Transfer Books will not be closed.

D. H. FOOTE, *Secretary-Treasurer*

San Francisco, California.

UNITED STATES SMELTING REFINING AND MINING COMPANY

The Directors have declared a quarterly dividend of 1¾% (87½ cents per share) on the Preferred Capital Stock, and a dividend of One Dollar ($1.00) per share on the Common Capital Stock, both payable on April 15, 1942 to stockholders of record at the close of business March 28, 1942.

GEORGE MIXTER, *Treasurer.*

March 19, 1942.

McGregor, Irvine Co. Merges With Parrish

McGregor, Irvine & Co., 1219 Chapline Street, Wheeling, West Virginia, will be merged with Parrish & Co., 40 Wall St., New York City, members of the New York Stock Exchange and other leading stock exchanges.

Russell D. Irvine and Edgar R. McGregor, both members of the Wheeling Stock Exchange, will become general partners in Parrish & Co. in charge of the newly opened Wheeling office, which will be located in McGregor, Irvine & Co.'s former quarters at 1219 Chapline Street. Thomas A. Griffith, formerly a partner in McGregor, Irvine & Co., will also be associated with Parrish & Co.

Jordan To Be Partner

NEW ORLEANS, LA.—Harry B. Jordan will become a limited partner in Thomas Jordan & Co., 615 Commerce Place, members of the New York Stock Exchange, as of April 1.

Visiting In N. Y.

Harry A. Rounds, Harry A. Rounds & Co., and Virgil C. McGorrill, President of the State Investment Company, both of Portland, Maine, were visitors in New York this week.

Russel Swaney Is With Straus Securities Co.

GRAND RAPIDS, MICH.—Russel A. Swaney, formerly an officer of Harper, Wegusen & Yonkman, Inc., is now associated with the newly opened branch office of Straus Securities Co. in the Federal Square Building. Also connected with the Straus Grand Rapids branch is William C. Harper, formerly with Harper, Wegusen & Yonkman, Inc.

Insurance Stocks Attractive

Mackubin, Legg & Company, 22 Light Street, Baltimore, Maryland have just issued a descriptive bulletin on American Casualty Company, indicating attractive income possibilities at current levels. The bulletin discusses capitalization, earnings and liquidating values and dividends, net premium volume and diversification of assets of the company. Copies of this interesting bulletin may be had upon request from the Bank and Insurance Stocks Department of Mackubin, Legg & Co.

Allison With Tifft

(Special to The Financial Chronicle)

SPRINGFIELD, MASS. — V. Blake Allison has become associated with Tifft Bros., 1387 Main Street, members of the New York and Boston Stock Exchanges. Mr. Allison was formerly manager of E. M. Dickinson & Co. of Holyoke, Mass. and prior thereto was with Buchanan & Co. and B. F. White & Co., Inc.

MEETING NOTICES

CANADIAN PACIFIC RAILWAY COMPANY
NOTICE TO SHAREHOLDERS

The Sixty-first Annual General Meeting of the Shareholders of this Company, for the election of Directors to take the places of the retiring Directors and for the transaction of business generally, will be held on Wednesday, the sixth day of May next, at the principal office of the Company, at Montreal, at twelve o'clock noon.

The Ordinary Stock Transfer Books will be closed in Montreal, Toronto, New York and London at 3 p.m. on Tuesday, the fourteenth day of April. The Preference Stock Books will be closed in London at the same time.

All books will be re-opened on Thursday, the seventh day of May.

By order of the Board,
F. BRAMLEY, Secretary.

Montreal, March 16, 1942.

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.

PERSONNEL ITEMS

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

(Special to The Financial Chronicle)

BOSTON, MASS.—**Edward L. Hentzi** has been added to the staff of **Alcock, Hill & Co.,** 80 Federal St.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Herman K. Allen, William A. Pye** and **Raymond J. Maher** have become connected with **Trust Funds, Inc.,** 89 Broad St.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Bernard R. Keegan** has become affiliated with **Hickey & Co., Inc.,** 135 South La Salle St.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Homer L. Grossman** is now with **McDonald-Coolidge & Co.,** Union Commerce Building.

(Special to The Financial Chronicle)

COLORADO SPRINGS, COLO.—**Edward Emmett Murphy, Jr.,** has been added to the staff of **Boettcher & Co.,** Exchange National Bank Building.

(Special to The Financial Chronicle)

DETROIT, MICH.—**James M. Butler,** previously with R. C. O'Donnell & Co., has become connected with **Wm. C. Roney & Co.,** Union Guardian Building.

(Special to The Financial Chronicle)

GRAND RAPIDS, MICH.—**Remson T. Jarvis,** formerly with Harper, Wegusen & Yonkman, Inc., has become affiliated with **King, Wulf & Co.,** Michigan National Bank Building.

(Special to The Financial Chronicle)

JACKSON, MICH.—**Arthur Graver** has joined the staff of **H. H. Butterfield & Co.,** Jackson City Bank & Trust Co. Building.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Fred J. Faerber** has become associated with **Bogardus, Frost & Banning,** 629 South Spring St. Mr. Faerber was previously with Klehmet & Co., Dean Witter & Co. and Wm. Cavalier & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Frank Dorsey,** previously with Griffith-Wagenseller & Durst, has become connected with **Nelson Douglass & Co.,** 510 South Spring St.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**Clarence D. Hague,** formerly with Bankamerica Company, is now with **Franklin Wulff & Co., Inc.,** Bank of America Building.

(Special to The Financial Chronicle)

OAKLAND, CALIF.—**Arthur Garfield Berger** has become associated with **Davies & Co.,** 1404 Franklin St. Mr. Berger was previously with Dean Witter & Co.

(Special to The Financial Chronicle)

PORTLAND, ORE.—**Leonard M. Baldwin** has been added to the staff of **Sloan & Wilcox,** U. S. National Bank Building.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Roger K. Williams** has become affiliated with **Wyeth & Co.,** 530 Broadway.

(Special to The Financial Chronicle)

SHEBOYGAN, WISC.—**Rudolph R. Hoffman** is now associated with **Heronymus, Ballschmider & Co.,** Security National Bank Building. Mr. Hoffman was formerly with B. C. Ziegler & Company.

St. Louis Municipal Dealers Elect White

ST. LOUIS, MO.—The St. Louis Municipal Dealers' Group elected Kelton E. White, G. H. Walker & Co., Chairman for the tenth successive term at their annual meeting. Fred A. Arnstein, Stix & Co., was named Vice-Chairman, succeeding I. A. Long; Willis Marshall, Trust Department of the Boatmen's National Bank, Treasurer, to succeed E. W. Darmstatter; George Reis, Bond Department of the Mississippi Valley Trust Co., to succeed Joseph Glynn as Secretary. Carl Trauernicht was re-elected chairman of the nominating committee.

Chester Grooms Now With Carstairs Co.

PHILADELPHIA, PA.—Chester M. Grooms has become associated with Carstairs & Co., 1421 Chestnut Street, members of the New York and Philadelphia Stock Exchanges, where he will be in charge of the over-the-counter trading department. Mr. Grooms was formerly manager of the trading department of C. S. Wurts & Co. for many years; prior thereto he was trading manager of the Philadelphia office of Van Alstyne, Noel & Co. and was with Fitch, Crossman & Co.

Wm. Sills Named President

CHICAGO, ILL.—William H. Hills has been elected President of Sills, Troxell & Minton, Inc., 209 South La Salle Street, succeeding Clarence W. Sills, who was named Chairman of the Board. William H. Sills was formerly a Vice-President of the firm.

Debentures Interesting

The annual report for 1941 of the National Fireproofing Corporation of Pittsburgh contains several facts of particular interest to holders of the corporation's 5% Cumulative Convertible Income debentures of 1952, according to a detailed memorandum issued by Colonial Bond and Share Corp., First National Bank Building, Baltimore, Md. The memorandum contains a summary of the profit and loss statement and balance sheet and gives a brief history of the company and its products. Copies of the memo may be obtained upon request from Colonial Bond & Share Corp.

Tax Proposals & Railroads

Shields & Company, 44 Wall Street, New York City, members of the New York Stock Exchange, have issued a survey of the Treasury's most recent tax proposals as applied to railroad securities. Copies may be obtained from Shields & Co. upon request.

Tomorrow's Markets Walter Whyte Says—

Market still in doldrums. Action of last four days indicates nearby turn. Bear factors still dominate. Taxes not considered the major retarding factor. War and basic changes brought on by it are the real causes.

By WALTER WHYTE

The action of what in these days is laughingly referred to as the stock market, has everybody in a state of semicoma.

* * *

Since last week, or for that matter since the last break down, in the beginning of the month, the market has been able to do little but stir occasionally, yawn, roll over, get up languidly on one elbow, yawn again and then go back into the arms of Morpheus. And no amount of prodding, whether in the form of good news or fancy rumors could arouse it from its slumbers.

* * *

This has started a lot of people to wondering—out loud, too—if the market had any feet left to get up on. There are those who are even unkind enough to say that it is a good thing the market doesn't get up from it's recumbent position. The implication being, that if it were unwise enough to do so, it would fall flat on its chubby little face.

* * *

Of course, there are reasons for this arm stretching and yawning. There always are. The most popular ones are taxes, the war, the New Deal, taxes, the SEC, and taxes. Meanwhile, our light hearted Congress, with one eye on reelection and the other for headlines, is busily engaged in screaming its panaceas that, according to them, would solve everything, if only their theories of economics were to become law. I sometimes think that some of our headline hunting officials have decided to paraphrase the blitz. They intend to sitz.

* * *

The market is supposed to be an inanimate object unable to think for itself. Still, whatever it's faults it is not inanimate and if it doesn't do any independent thinking, it still represents a cross section of the best informed thinking of the country, if not the world. It is obvious, that it is worried by something. What this something is, time alone will tell. I don't believe that

(Continued on page 1236)

RAILROAD SECURITIES

The Chicago, Rock Island & Pacific general 4s, 1988, have rebounded approximately 80% from the Pearl Harbor low of 15½, and have been attracting considerable speculative attention recently at the highest prices witnessed since the 1937 boom. The background for the sharp price recovery is not hard to discover. First, there has been the wide earnings improvement, instituted by war activity, which enabled the company to cover its old fixed charges 1.34 times last year, and holds promise of even better results this year. Secondly, there has been the rapid rehabilitation of finances, with cash up to $16,849,000 at the end of 1941 compared with $9,311,000 a year earlier, carrying with it the potentiality of some interest payments this year. Finally, there has been the concerted move by speculators and investors alike from industrial and utility stocks, where dividends are threatened by mounting taxes, into the tax-sheltered defaulted bond group.

The bonds still look underpriced, viewed solely on the basis of present and early prospective earning power of the properties. It is being pointed out, however, that this is a reorganization proposition and that price potentialities must be measured by treatment in the reorganization plan, and the prospective value of the new securities to be received. The length of time to elapse before the new securities may be delivered is also a factor. Measured by these standards, the "Rock Island" generals appear to have little room for further price improvement for many months to come. On this basis, students of railroad reorganization procedure have been recommending the acceptance of profits at recent levels.

The final "Rock Island" plan has been before the District Court since last August, but it is generally expected that no decision will be forthcoming until Supreme Court action has been taken on one or more of the railroad reorganizations on which appeals for review are now pending. This will probably not be before next Fall. At best, then, and assuming that the plan is upheld by the courts, delivery of new securities could not be expected until late 1943, and "when issued" trading in the new securities does not appear in prospect for at least eight to 10 months.

The "Rock Island" reorganization is about the most drastic promulgated by the ICC to date, with fixed charges reduced to below $2,500,000 compared with old requirements of nearly $14,000,000. Obviously, then, the treatment accorded the individual old liens has been particularly severe. Holders of the general mortgage 4s are to receive only $83.51 in new 1st mortgage bonds, with the balance of the claim settled with $454.14 of income 4½s, $445.98 of 5% preferred and, roundly, 3.5 shares of new common. The new 1st mortgage will be one of the strongest, if not actually the strongest, of the blanket mortgages being created in the present crop of reorganizations. Position of the junior securities will be clouded by the past earnings record; not in any year from 1932 to 1939, inclusive, would the full interest have been earned on the proposed new income bonds. In large measure this may be traced to extraordinary expenses incident to comprehensive property rehabilitation, and this should not prove a permanent market handicap. Actually, with properties now in excellent physical shape, the company should be able to earn the interest on its income bonds consistently in all but the most severe depression periods. Earning power of the new stocks will naturally depend largely on final determination of the tax liability.

Based on past experience, but allowing for the fact that the whole reorganization picture will probably be considerably clearer by the time "Rock Island" new securities are traded on a "when issued" basis, it seems likely that the old bonds will sell at a discount of at least 20% from the equivalent value of the new securities they are to receive. With such an arbitrage spread it would be necessary, to support the present price of 27½ for the generals, for the new 1st mortgage bonds to sell at 80, the new income 4½s at 40, the new preferred at 19 and the new common at 3. Compared with prices for other reorganization securities, considering the time element, and in view of the fact that the effective date of the plan is Jan. 1, 1942, so that there are no back accumulations of income on the new securities, it seems overly optimistic to anticipate such prices for the new securities at, or shortly after, trading first starts.

Aside from the momentum generated by the present broad public interest in this section of the list and the consequent indiscriminate buying without regard for fundamentals, there would seem an excellent possibility for lower prices for the generals in the next six months to bring them in line with probable initial values for the new securities. The only factor that might change this picture would be disapproval of the plan, and more liberal treatment in a subsequent plan. This does not appear likely.

Latin-American Solidarity

Brailsford, Rodger & Co., 208 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange, have just published a booklet entitled "Latin American Solidarity and What It Means to the American Investor." Copies of this timely booklet, which should be of particular interest in the present world situation, and also special bulletins on Bolivia and Brazil may be obtained from Brailsford, Rodger & Co. upon request.

Chicago Times Ups Price

The Chicago "Daily Times" announced that, effective March 18, it would increase its newsstand price from 2 to 3 cents, because of increased production costs and reduced advertising revenue, due to the war.

The recent action of some national magazines in raising their price was referred to in these columns of March 12, page 1041.

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—40¼, low—14¾, last—39⅝.

Bank and Insurance Stocks

This Week — Bank Stocks

Detailed data just released covering income and operating ratios of New York City banks indicate their 1941 experience as well as furnish a guide to possible effect of higher taxes proposed for 1942.

The 17 member banks in Greater New York with deposits of over $100,000,000, according to study prepared by the Federal Reserve Bank of New York, had higher ratios of net current earnings to capital funds—5.7% for 1941, compared to 5.3% in 1940. However, net profits only slightly increased, from 5.5% to 5.6%, as net recoveries and profits on securities sold were slightly smaller and charge-offs on loans were somewhat larger. Net recoveries were 0.7% of gross earnings in 1941, compared to 1.8% in 1940.

This modest improvement in earnings and profits is traceable to heavier volume of earning assets at approximately maintained rates of return, which enabled operating margin to show slight improvement despite rise in taxes. As the result of rapid expansion in volume of earning assets, the ratio of capital funds to loans, securities and real estate declined from 17.5% in 1940 to 15.4% in 1941. By contrast, ratio of capital funds to deposits, dropped only from 11.0% to 10.1%. Return on loans improved from 2.6% to 2.7%, compared to drop in return on investments from 1.7% to 1.6%. Thus, net current earnings, after operating expenses, were 31.2% of gross, compared to 30.2% in 1940. Operating ratio consequently dropped to 68.8%, compared to 69.8% in 1940.

The operating experience in 1941, therefore, was featured by a rise in gross earnings which fully offset increased costs except taxes. This is shown by the fact that the expense ratios all showed a decline relative to gross, excepting taxes. Salaries and wages dropped from 34.7% to 33.5% of gross; interest on time deposits, from 1.7% to 1.4%; and all other expenses, from 29.3% to 27.2%. Taxes other than real estate taxes, however, rose from 4.1% to 6.7% of gross, indicating that increase in taxes outran the increase in gross earnings. The improved gross did, nevertheless, hold down the effect of increased taxes, which in 1941 were largely represented by 7% surtax.

In trying, therefore, to judge the effect on earnings of the proposed increase in surtax to 31%, the 1941 experience suggests that an important offset to the higher taxes will be the increased gross derived from continued expansion in earning assets.

Total earning assets of weekly reporting New York member banks increased $1,861,000,000 (18%) for 1941, of which 60% was expansion in holdings of Government securities. Since Dec. 31, 1941, earning assets have further expanded $344,000,000, reaching on March 11, 1942, a new high of $12,505,000,000, compared to 1941 high of $12,326,000,000 on Oct. 22. In this 1942 expansion, commercial loans have made a strong showing, accounting for 37% of the expansion, or as much as the expansion in Government securities for the period.

Although, therefore, the outlook for further expansion of bank credit in 1942 appears to depend chiefly on the volume of Treasury financing done through the banks, commercial loans may continue to be an important contributor to volume.

Government securities, however, will constitute the largest source of earning asset volume, with about $20,000,000,000 of the $33,000,000,000 deficit estimated for the 1943 fiscal year likely to be financed through commercial banks. In the first five months of 1941, New York City banks accounted for nearly 75% of the increase in holdings of Government securities by all reporting banks. Of course, the actual ratio of taking of war financing by New York City banks will depend on their supply of excess reserves, but it seems likely that the Treasury will call upon them for a large share of support of war financing, and will see to it that these large banks are amply supplied with excess reserves for the purpose.

Assuming that New York City banks do take 50% of the estimated financing through the banks—which is not far-fetched because that was the actual ratio for the fiscal year ending June 30, 1941—the $10,000,000,000 indicated expansion in Governments for the 1943 fiscal year, at no more than the 1.6% average return on investments for 1941, would yield $160,000,000 in gross earnings.

On the other hand, the proposed 31% surtax and 24% normal tax would compare with 7% surtax and 24% normal tax for 1941, when net profits were an estimated $90,000,000 for weekly reporting New York City member banks. Figuring roughly, therefore, before combined 1941 normal tax and surtax, the net before taxes was $130,000,000, on which the proposed increase of 24 percentage points in surtax would mean $31,200,000 higher taxes for 1942.

This is hypothetical figuring, of course, because of the many ramifications of actual tax computation; but it does serve to illustrate concretely the probability that wartime expansion in earning assets will help provide for higher taxes and thus preserve good operating margins.

The following table compares the average operating ratios of member banks in Greater New York with deposits of over $100,000,000, as reported in each year by the Federal Reserve Bank of New York:

	1941	1940
Number of banks	17	17
Summary Ratios (% of Total Capital Accts.):		
Net current earnings	5.7%	5.3%
Net profits	5.6	5.5
Cash dividends declared	4.1	4.2
% of Total Assets:		
Total earnings	1.6	1.7
Total expenses	1.1	1.2
Net current earnings	0.5	0.5
Net profits	0.5	
Sources and Disposition of Earnings (percentage of Total Earnings):		
Interest and discount on loans	34.1	32.7
Interest and dividends on securities	36.3	35.3
Service charges on deposit accounts	3.5	3.6
*All other earnings	26.1	28.4
Total earnings	100.0%	100.0%
Salaries and wages	33.5	34.7
Interest on time deposits	1.4	1.7
Taxes other than real estate	6.7	4.1
All other expenses	27.2	29.3
Total expenses	68.8	69.8
Net current earnings	31.2	30.2
Net of charge-offs or recoveries	†0.7	†1.8
Net profits	31.9%	32.0%
*Trust department earnings included in "all other earnings"	15.2%	16.4%

†Net credit.

Results Of Treasury Bill Offering

Secretary of the Treasury Morgenthau announced on March 23 that the tenders for $150,000,000 or thereabouts, of 91-day Treasury bills, to be dated March 25 and to mature June 16, 1942, which were offered on March 20, were opened at the Federal Reserve Banks on March 23. The following details of this issue are revealed:

Total applied for___$512,778,000
Total accepted _____ 150,262,000

Range for accepted bids (excepting two tenders totaling $135,000):

High—99.981. Equivalent rate approximately 0.082%.

Low—99.949. Equivalent rate approximately 0.221%.

Average Price 99.953. Equivalent rate approximately 0.203%.

(39% of the amount bid at the low price was accepted.)

Capital Gains Tax Defeats Objective

(Continued from First Page)

sell capital assets, there is no possibility of deriving revenue from a capital gains tax.

No man in his right mind is going to expose his hard-earned capital to needless risks. The income accruing by way of rents, dividends or interest cannot compensate for the loss of capital. In earlier years an investor who lost his capital in one venture had at least a chance of recouping his loss in a subsequent venture. Today the capital gains tax has made this extremely difficult, if not impossible.

To illustrate, take the case of a taxpayer who has accumulated $10,000 capital. He invests $5,000 of it in a piece of land and the other $5,000 in a local manufacturing company. Over a period of years, the local manufacturing company prospers and the taxpayer sells this investment at a profit of $3,000. The next year he sells his land at a loss of $3,000.

Now you would think that this taxpayer, having made $3,000 in one venture and having lost $3,000 in another, would still have his $10,000 in capital intact. But under the present capital gains tax, this might not be the case. The chances are the taxpayer would have shared a large portion of his capital gains with the Government, but would have borne all of the loss himself. This means that a taxpayer's capital is going to be frittered away even though he is skillful enough to balance his successful and unsuccessful investments.

Under existing circumstances it is easy to see why business investments no longer attract private capital to the extent that they should in a healthy economy and why there is such a lack of much-needed venture capital. This lack of venture capital has, I believe, increased the financial burden which the defense effort has placed upon our Government. I have no doubt that all of you know business men in your districts who have been forced either to borrow from the Government or from the banks in order to finance their war efforts, although those business men would have preferred to finance themselves through the raising of equity capital.

Time and time again, I have heard people say—"I know that this is a sound venture and I know that it needs equity money, but I won't go into it because if it succeeds, I will have to give most of my gain to the Government, while if it fails, I will have to bear all the losses myself."

It seems to me that those who urge a higher capital gains tax lose sight of the very important and very fundamental fact that you cannot derive revenue from a capital gains tax unless you have purchases and sales of capital assets. I think it is demonstrable that the high capital gains tax has been an important factor in discouraging people from making capital investments. In addition, it has discouraged those with profits from realizing them.

I am convinced that the lowering of the capital gains tax will free equity capital and, by so doing, will not only help to shift a portion of the financing of the defense effort from Government to private capital but also to increase the revenue derived from the capital gains tax itself.

The Government's own records demonstrate that the capital gains provisions, as now written, are disappointing from the standpoint of revenue produced. Not only is there a large loss of potential revenue to the Government, but we also have a paralyzing condition of inertia, insofar as the use of venture capital is concerned.

The question has been raised as to the relation of speculation to the proposed modification of the present capital gains tax. The statement has been made that the bill proposed by Congressman Boland "would place a premium on speculation." It seems to me that such an effort to discredit the proposed improvement in the tax law is not only deplorable, but that it misses the point.

This country has benefited greatly from speculation of a constructive character. One type of speculation which contributes to the general economic welfare, and which is thus socially desirable, is that engaged in by informed people who can afford to assume risks. Such speculation is often, in reality, an investment in the future of the country. Without that kind of speculation, this country would not have witnessed the development of the Curtiss-Wright Corporation, the Chrysler Corporation, United States Steel Corporation and other great enterprises which are today producing the materials with which we are going to win the war.

Let me point out that the effects of this capital gains tax extend far beyond the securities markets. The capital gains tax hits every land owner and every businessman who makes a capital investment of any kind. The chilling effect of the capital gains tax is as great on the price of farmlands and other real estate as it is on securities listed on the New York Stock Exchange.

I earnestly believe that the good which will come to the country as a whole from a lowering of the present capital gains tax will far exceed any benefit which our securities markets may derive, and that much more revenue will be realized in the aggregate from a lower tax than from the present one whose principal effect, as I see it, is to destroy incentive.

Oppose More Government Capital For Land Banks

Increasing Government ownership in Federal Land Banks would reduce farmer ownership and would weaken and ultimately destroy "the cooperative basis of the Federal land bank system and substitute socialized credit for co-operative credit," according to William I. Myers, former Governor of the Federal Land Bank System.

Mr. Myers, now a professor of Farm Finance, at Cornell University, Ithaca, N. Y., testified on Mar. 10, before the Senate Banking Committee in opposition to a farm bloc-sponsored bill generally reorganizing the Land-Bank system and other Government farm financing processes and readjusting elements of the Federal Farm Mortgage Corporation.

Commenting on a provision increasing Treasury contribution to the land bank system by $100,000,000, Mr. Myers said he knew no justification for this and that instead the Land Banks should repay to the Treasury any capital "that can be spared without detriment to their safety and effective operation," according to the Associated Press.

Utilities Look Good

Edward D. Jones & Co., members of the New York, St. Louis and Chicago Stock Exchanges, 705 Olive Street, St. Louis, Mo., have issued a memorandum containing comparative figures on a selected list of utility operating company preferred stocks, which offer, the firm believes, attractive yield possibilities. Copies of the memorandum may be had from Edward D. Jones & Co. upon request.

The Securities Salesman's Corner

Something To Do When The Investing Public Is On The Sidelines

During the past few years there have been periods when markets have become stagnant and public interest in the purchase of securities has been at a very low point. Sometimes these "blank spots" have lasted from a few weeks to as long as several months. Their blighting effect upon sales volume is well known to most investment firms—especially since overhead continues regardless of whether orders come in or not.

When the future is beset by uncertainties and when trading dries up to a mere trickle it is only human for the public to look for a "storm cellar." Usually this consists of doing nothing at all until skies are clear again. Under such conditions the most efficient sales organization finds it difficult to sell securities.

Though there are many disadvantages attached to the business of dealing in securities there are certain peculiar advantages which this business enjoys over many others. Not the least, is that it is possible to "Buy" as well as "Sell" and in either case realize a profit. This advantageous opportunity of turning from a "seller" into a "buyer" can be very helpful in keeping business going ahead during these periods when fear is in the saddle and the average investor is thinking of everything else except assuming additional capital risks.

If we analyze the reasons for the public's lack of interest in buying securities during these stagnant periods, we can readily see that the answer is simply—fear. Since people are human beings they act emotionally and the most fundamental reaction to uncertainties is of course, inaction. Now, when such a condition exists, the public is phychologically conditioned for "selling" the securities they already own rather than for "buying" more. Again, as every competent manager of investment accounts already knows, it is just as important for an investor to sell out weak situations as it is for him to purchase sound investments in the first place.

Why not then, when "fear" is in the saddle, take the line of least resistance, and go out and suggest the sale of weak holdings by your clients. They will benefit from a constructive suggestion and a commission is still good for bread and butter, no matter if it is earned on the "buy" or the "sell" side of the market.

An alert organization will find many variations of this "go out and buy technique." Here are a few old stand-bys that might be used as illustrations of what could be done.

1. Study individual lists of holdings in the files. Cull out the weak sisters. Find particular spots where future troubles might present additional difficulties. (Example) A company engaged in Latin-American trade might lose its shipping facilities, etc. Call to the attention of holders of this security — present case — suggest sale.

2. Procure a bondholder's or stockholder's list covering a situation that is a good "sale" or "switch." Pick out the weak spots. Dramatize them in a pre-mail campaign and follow with personal call. Suggest sale.

3. Trade out small unimportant "unlisted" into a big name "listed." Although no commission is earned on the General Motors, Standard of Indiana or "what have you" (unless you are a member firm, of course) but the suggestion of a reinvestment into a major situation is helpful in consummating the sale. Confidence is created and the investor can visualize the maintenance of his regular income.

NASD Surveys Members On Business Methods

The National Association of Securities Dealers, Inc., has sent an extensive questionnaire to its members inquiring into their capital accounts, methods of handling customers' cash and securities, ways of confirming transactions, total business transacted and information regarding personnel. Regarding the survey, the New York "Herald Tribune" of Mar. 18 said:

The study of the capital strength of the 3,000 members and the way they do business is being undertaken by the Business Conduct Committee of the Association on a nationwide basis. Charged with the responsibility for policing investment bankers, dealers and brokers, the Association will use the information gained by the questionnaire to determine whether a field investigation of members "was desirable or necessary in individual cases." Beyond that immediate purpose, the questionnaire, it appeared to the Street, would yield the most comprehensive data yet obtained on the capital strength of members. Replies to the questionnaire were requested not later than April 15.

The questions asked of members by the Association might be said to fall into three large classifications. First, members were asked for data on their capital and whence it was derived, business volume and liabilities to customers. Second, they were asked to supply information on their ways of doing business. Third, they were asked to give information about partners or officers and salesmen and traders.

To further show the extent of the information sought in the questionnaire the account in the "Herald Tribune" went on to say:

Members were questioned about the previous business connections of salesmen and traders and the method by which each was compensated.

As to the questions about capital, incorporated members are asked the amount of their capital, surplus and corporation investments; the net balances in corporation investment and trading accounts and classifications of stock. Members who do business as individual proprietorships or partnerships are asked whether their capital contributions represent assets of partners or whether they are the result of borrowing by partners. These members are asked to give the details of capital contributions, including subordination agreements, etc.

Information is sought also about members' bank balances, balances in accounts with other dealers, money borrowed, securities borrowed, securities lent, failures to deliver or receive securities, the total amount owed by members to customers in whose accounts the market value of the securities is equal to or greater than the debit balance, the total amount owed to all customers in whose accounts the market value of securities is less than the debit balance, the total funds deposited with members by customers to secure when issued contracts, total free credit balances. Under the heading firm accounts, members are questioned about net balances in general partners' investment and trading accounts and drawing accounts and net balances in firm investment and trading accounts as well as about undistributed profit and loss accounts.

In the matter of commitments, members are requested to list separately in a schedule any contingent assets, liabilities and accountabilities which are not included in a ledger accounts. The items of this nature are described as lawsuits pending against members, accommodation indorsements, rediscounted notes, guarantees of accounts of others, participations in joint accounts carried by others, etc.

As for ways of doing business, the questionnaire seeks information about the books of account and records are currently kept, whether members segregate into safekeeping customers' fully paid securities and how any such segregation is handled. The same question is asked about segregation of free credit balances of customers.

Members are asked whether they act as agent or as principal in transactions with customers in securities which they buy or sell on a registered exchange of which they are not members. If over-riding commissions are charged in such transactions, a schedule of the commissions is sought. Exact copies are sought of confirmations sent out by members on actual transactions in which members buy or sell securities from customers as principals or agents.

According to the "Herald Tribune" the staff of the Association plans, from the information gained in the questionnaires, to call to the attention of members "minor or routine matters which do not seem to conform with Federal and State regulations and Association rules."

Comment on the questionnaire appeared in our March 19 issue, page 1131.

Matson At Merrill Lynch

(Special to The Financial Chronicle)

SANTA MONICA, CAL.—Hays Matson has become associated with Merrill Lynch, Pierce, Fenner & Beane, Bay Cities Building. Mr. Matson was formerly local manager for O'Melveny-Wagenseller & Durst. Prior thereto he was with Commonwealth Investment Co. of Los Angeles and was sales manager for the North American Securities Co. of San Francisco.

Investment Trusts

For a sound discussion of war-time investment nothing can be more highly recommended than the March issue of "Perspective," the monthly economic letter issued by the Investment Management Department of Calvin Bullock. The full text should be read and studied. Unfortunately space permits reprinting only a portion of the conclusions:

"While corporate earnings may decline somewhat further after 1942, we shall be approaching a point of stabilization after taxes reach their practicable maximum. We should not disregard the important fact that excess profits taxes place not only a ceiling above earnings for those companies that have reached the upper tax brackets, but also a floor below the earnings of these companies. After the current period of readjustment, therefore, excess profits taxes will tend to lend an element of stability to corporate earnings during the war period.

"We believe that with a more sanguine view of the future, the urge for income will tend to narrow the present wide spread in yield between high-grade bonds and common stocks. To the question, 'Can common stock prices rise against an earnings decline?', it is submitted that they have fallen steadily for the past two and a half years in the face of a pronounced earnings rise.

"We must also set up as major premises of policy conclusions with respect to the shape of things to come after the war as well as the extreme economic dislocations that will be caused by war controls. The period immediately following the war is likely to be one of painful readjustment involving the liquidation of heavy inventory positions and, of course, the disemployment incident to a transition back from a war to a peace economy. Some of our present war industries will then undoubtedly find themselves with an enormous excess of capacity and may suffer the profitless competitive conditions created by overcapacity. We believe, however, that the post-war period, while it may be marked initially by a sharp decline in industrial activity, will thereafter be one of unprecedented prosperity, as we shall then have an enormous dammed-up demand for all kinds of civilian goods, a shortage of capital in many important economic areas, and the opportunity to undertake the major share of world-wide economic rehabilitation, if we have statesmanship equal to our opportunity.

"We believe that the average investor is justified, on the basis of the foregoing conclusions, in placing major emphasis on common stock investments at present price levels. In the selection of common stocks we believe that consideration should be given those industries which are engaged in war production, since only they are assured of favorable priorities treatment and as they are steadily increasing their earnings before taxes, they may suffer comparatively small diminution in earnings after taxes. However, we should select only those war industries whose stocks are selling in a reasonable relationship to what can be regarded as normal earning power. Many war stocks that are currenly selling at only about three times earnings must nevertheless be regarded as a hazardous speculation since they are selling at thirty or forty times normal earning capacity."

Investment Company Briefs

During the month of February, radical portfolio changes were completed in the National Preferred Stock Series, according to recent notice from the sponsors. These changes have put this Series on a war footing while retaining the important earnings criteria to make it attractive to the income buyer. Twelve new issues recently added to the Eligible List have been bought for the portfolio, replacing a like number that have been eliminated.

The sponsors believe that the selection of these particular issues, plus the characteristics of preferred stocks, assures an ample tax shelter to shareholders of National Preferred Stock Series.

The generous yield from current dividend rates, plus extras expected from arrearage on many issues, should make this Series attractive to many investors both from the standpoint of income and profit probability. This arrearage "extra" is a feature not found in discount bonds and should eventually be capitalized marketwise, according to the sponsors.

* * *

At the close of Feb. 28, 1942, the American Business Shares portfolio was diversified as follows:

Common stocks—		
Industrials	42.5	
Rails and rail equipment	8.2	
Utilities	3.2	
		53.9
Preferred stocks		4.7
Bonds—		
Industrials	1.9	
Rails	9.4	
Utilities	3.8	
Government bonds	20.5	
		35.6
Cash and other net assets		5.8
		100.0

"Portfolio operation during February showed itself in most sections of the portfolio, but perhaps the eye is first caught by the increase in government bond

(Continued on page 1232)

Municipal News & Notes

Approximately 37% of the $18,716,000,000 in State and local government long term interest-bearing securities outstanding as of June 30, 1941, will be retired by 1950, according to estimates by the Commerce Department, Bureau of the Census.

Short term debt—loans to be retired within one year of issuance—amounted to $1,144,000,000.

With the addition of these loans, scheduled retirements of the $19,860,000,000 gross volume of State and local government interest-bearing securities outstanding as of June 30, 1941, including short and long term obligations, will amount to $8,147,000,000, or 41%, by June 30, 1950, this latest study of scheduled maturities showed.

Analysis of available maturity data pertaining to the $18,716,000,000 State and local government long term bonds—all interest-bearing term and serial obligations—indicates that $3,535,000,000 will be retired by June, 1945.

Cumulative maturities will amount to 56% by 1955, 70% by 1960, 89% by 1970, and 99% by 1980.

A "relatively small" amount of debt is not scheduled to be retired until the five-year period ending on June 30, 1995.

The figures do not make allowance for possible redemption of optional or other callable bonds prior to the regular maturity dates.

Estimated Interest Payments on Municipal Debts

The Census Bureau also reports that an estimated $774,000,000 was was paid out in interest on State and local government securities during the 1941 fiscal year.

Cited as due to "the low interest rates prevailing in recent years," the total governmental interest payments—State and Federal — increased only 30.6% above corresponding interest costs for 1932, in contrast with the 77% increase in total public debt for the nine-year period ended June 30, 1941.

Including the $1,111,000,000 interest payments on the Federal public debt the aggregate interest payments on all public debt amounted to $1,885,000,000, or an equivalent to $14 for each citizen, the Bureau said.

Municipal Economy Deemed Essential

There seems to be a division of opinion as to the proper course for the States and municipalities to follow in the matter of taxation just now. Mr. Marriner S. Eccles, the Chairman of the Federal Reserve Board, insists that since heavy taxation drains off consumer purchasing power and thus militates against inflation, the States and municipalities ought not to reduce taxes. Chairman Doughton of the Ways and Means Committee contends, on the other hand, that since the Federal Government is hard put to it to find war revenues, States and municipalities ought to smooth the Federal path by cutting their own levies wherever possible.

As between these two points of view, we prefer that of Mr. Doughton. It may be advisable on general grounds for the States and localities to accumulate surpluses now in order to buttress their own financial position against the vicissitudes of the post-war readjustment. But the Eccles' idea that States and cities should tie their finances to the Federal juggernaut seems rather extreme, to say the least. States and cities had best look to their own interests and take whatever steps a prudent consideration of those interests may require.

Expanded employment and improved business conditions are curtailing expenditures of most State and local governments. While the curtailment of non-essential outlays is usually far slower than might be desired, most State and local governments report a steadily improving relationship between revenues and expenditures. Inability to construct public works not related to war and normal repayments of outstanding debts will reduce interest payments also.

One of the dictates of prudence just now is economy in all ordinary State and local expenditure. Whatever one may think about State and local taxes, no one ventures to challenge the idea that expenditures should be reduced.

Considerable Municipal Financing May Develop

Considering the statements set forth above, it would appear illogical that financing by States and cities during the most of the next few years will amount to anything sizable. However, there is a segment of the municipal community which holds that it may come to pass that many millions of dollars in deficit-funding, refunding of maturities and tax anticipation borrowing will have to be done by the policital subdivisions before peace reigns again.

As previously mentioned, the States and local units are going to find their sources of revenue sharply curtailed for the duration. In the absence of adequate additional sources of funds, we can expect deficit-funding through rather extended borrowing and refunding of heavy bond maturities. The ever-present possibility of local tax delinquencies will probably serve to bring about considerable borrowing against uncollected taxes.

A. F. of L. Opposes Federal Tax Proposal

The opposition to the proposal to subject outstanding, as well as future, issues of State and municipal bonds to Federal income taxes, as constituted by officials of State and local political units, has been augmented by the American Federation of Labor. Interesting as was the A. F. of L.'s comprehensive statement last Friday before the Ways and Means Committee on the general tax program, the part that attracted most attention in the municipal bond crowd was the opposition expressed to the Treasury's attempt to reach State and municipal bonds in its search for new taxes.

"To preserve the sovereignty of our several and separate State governments and the home-rule of our cities, the credit and borrowing capacity of our several States and political subdivisions should be taxable only by their respective States," the labor body held.

The union went on record against the efforts to tax even future issues of States and cities, but recognized the right of the Federal Government to make the interest on all future issues of Federal bonds subject to Federal income taxes.

States Face Gas Revenues Replacements

With gasoline rationing now effective in 17 Eastern Seaboard States and two Pacific Coast States, the question again has been raised of how the various States will meet likely curtailments in yields from gasoline taxes. Several States are said to be considering increasing their gasoline tax.

The group of States now under rationing impose gasoline taxes ranging from 3 cents a gallon to 7 cents, although the latter rate is in Florida, only a part of which comes under rationing. The importance of the gasoline tax in the revenues of these States is shown by the fact that in the 1940 fiscal year the gasoline tax accounted for from 17.78% to as much as 49.46% of total revenues.

Highway and Bridge Bonds in the War Years

Welsh, Davis & Co., 135 South La Salle St., Chicago, Ill., have prepared a bulletin analyzing the extent and effect of war measures on the revenues available for debt service, the risk of damage to the projects from bombing, sabotage, etc., and the insurance protection provided against such risks, cash reserves now on hand and the outlook for continued bond service during the war and after. An interesting and informative circular, available upon request.

Cochran Bill Receives Tentative Approval

The House Ways and Means Committee has reported favorably the Cochran bill to exempt defense contractors from many State and local taxes. Strenuous opposition to its approval by Congress has been registered by various civic bodies as definitely curtailing greatly needed State and municipal revenues.

Senator Raymond E. Willis of Indiana, remarked in part, as follows on the proposal:

We are completely out of sympathy with the obvious endeavor of the Federal Government first to siphon away the State's legitimate income and then later to offer us paternal Federal assistance when we are in the red. We can not look with favor upon any potential precedent which threatens Federal interference with the rights of States to levy their own taxes for their own purposes without Federal direction.

Interrelationship of Local Units Stressed

Local government officials will be interested in the following by Simeon E. Leland, Chairman of Economics of the University of Chicago, in the current issue of "State Government":

"Events of the last 26 months make it necessary to examine the subject of intergovernmental fiscal relationships in a new setting. The relationships are the same relationships as before but the stage and the scenery surrounding them have changed. The Nation is now engaged in a mighty effort to divert its resources and available man power to defense. So starkly have these changes impressed themselves upon us that the probability of sensing the shortcomings of the traditional arrangements between our various governments has increased. Some matters once vague may now seem obvious to those who will but hastily reflect upon the situation in which some governments now find themselves. Critical conditions sometimes produce solutions for old problems. Without creating such expectations now, it may not be too much to hope that the old dilemmas may be thrown before us in bold relief.

"It is impossible, moreover, to discuss State-local fiscal relationships apart from the relationships of these units to the Federal Government and of the Federal unit to them. The problem is completely intergovernmental and does not affect merely the lesser units in the political hierarchy nor only the predominant governments—it affects them all. One reason for the recurrence of both political and fiscal difficulties among governments is the assumption that their affairs, their powers, their duties, their finances are not interrelated."

Frisco Plans Defense Bond Issue

Tired of waiting for the Federal Government to chip in on the cost of its civilian-defense program, San Francisco expects to ask its voters early next June to approve a bond issue of $3,000,000 to $5,000,000 with which to buy fire engines, rescue trucks, control cars, steel helmets, protective clothing and other items deemed immediately essential to prepare the city for anticipated air attacks.

That $3,000,000 to $5,000,000 represents outlay for equipment only. In addition, the city plans to spend about $1,250,000 on the operation of its civilian defense system. These operating costs alone will add 17 or 18 cents to a municipal tax rate which now stands at $4,396. The entire bill may add as much as 35 cents to the present rate.

Market Exhibits Firmer Trend

A broadening of activity and a firming trend in prices developed in the municipal market last week, contrasting with the stalemate in both trading and prices which has generally prevailed since the Secretary of the Treasury's attack on tax exemption late in January.

On the other hand, early this week those obligations outstanding against toll bridges, tunnels and the like were marked down. The setbacks for the so-called revenue issues followed publication of reports emphasizing factors likely to restrict vehicular bridge and tunnel income.

It was emphasized, for example, that tire and gasoline rationing apparently foreshadowed reduced revenues for projects such as those operated by the Port of New York Authority, the Triborough Bridge Authority, and the Pennsylvania Turnpike.

The better feeling in the general municipal market was reflected in the clearing out of several accounts which only recently came on the market. Reported cleared out by the week end were the Harris County, Houston and Hartford Metropolitan District accounts.

Major Sales Scheduled

We list herewith the more important municipal offerings ($500,000 or over — short term issues excluded), which are to come up in the near future. The names of the successful bidder and the runner-up for the last previous issue sold are also appended.

March 26th (Today)

$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.

$530,000 Mount Vernon, N. Y.

This city hasn't sold bonds since September, 1936, that issue going to the Chase National Bank of New York, and associates. Second best bid was submitted by a group headed by Lehman Bros. of New York.

$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.

April 2nd

$600,000 Austin, Tex.

In August, 1940, the previous issue was awarded to a syndicate headed by Harriman Ripley & Co., Inc., of New York. Runner-up was the Northern Trust Co. of Chicago, and associates.

April 9th

$2,950,000 Minneapolis, Minn.

Phelps, Fenn & Co. of New York headed the syndicate which obtained the award of the bonds offered last December. Numerous other bids were submitted for the two portions of bonds offered on the same date.

Investment Trusts

(Continued from page 1231)

holdings to 20.5%. Obviously such holdings are by their very nature temporary in character. Nevertheless, careful reasoning shows why, in February of 1942, this increase was a necessary part of maintaining an ideal portfolio. In part it represented preparation for the new tax bill, which, from the securities point of view, will mean new 'rules of the game' for company earnings. It also reflected a policy of increasing the bond section and decreasing the equity section of the portfolio, although, of course, the ultimate disposition of these particular assets will not be Treasury bonds.

"At the end of February, transfers from the common stock equity to the bond side of the portfolio were within a few percentage points of completion. While conservatism has been emphasized, it should be recalled that neither extreme reduction, nor full investment, in common stock holdings is contemplated at any time under the conception of an ideal portfolio." — From American Business Shares "News Letter."

* * *

Early orders have already exhausted the first printing of Manhattan Bond Fund's booklet "An Answer to Today's Problems" which we reviewed in this column two weeks ago. The second edition is on the way.

Says the sponsor—"The booklet's size, style and format represented a new departure and, frankly, we didn't anticipate such an overwhelming response but we're very gratified."

Manhattan Bond Fund has been popular with investors ever since its inception on April 26, 1938. It's growth is shown by the following record:

Date—	No. of Shares Outstanding	Net Assets at Market
July 31, 1938	4,900	$36,014.21
Jan. 31, 1939	109,394	757,312.18
Jan. 31, 1940	609,370	4,056,631.38
Jan. 31, 1941	1,062,478	7,507,227.59
Jan. 31, 1942	1,194,226	8,452,628.08

Latin-American Survey

A survey of timely information on foreign exchange and business conditions in Latin-American countries has just been published by the foreign department of the Chase National Bank of the City of New York for distribution to its customers. Material for this new "Central and South American Financial and Economic Review" was assembled by the Chase, with the assistance of its correspondent banks in leading South American cities.

Our Reporter's Report

(Continued from first page)

bids at noon on Monday, for this issue which is covered by the same covenants as the $80,000,000 marketed last May.

Under the circumstances, it is expected that several banking groups will be in the running. Funds accruing to the company will be used to finance in part expansion of facilities to meet tremendously increased demands in its territory.

Holding Company Issues

Obligations of public utility holding companies have had something of a breathing spell since their sharp declines of several week ago. But the insistence of the Securities and Exchange Commission, as set forth by Chairman Ganson Purcell last week, that they go through with capital structure simplification is not helping their position.

It had been expected that these companies, in view of the abnormal market situation prevailing, and moreover in view of their close surveillance under the law, might be given a respite at least until after the war in which to comply with Section 11 of the Holding Company Act.

It is widely recognized that to force the sale of securities representing control, working or otherwise, in many of their operating properties, would involve real sacrifice for their security holders. But the SEC remains adamant.

Buying Own Securities

Demand which has had the effect of serving to provide certain of these issues with an element of support is reported making its appearance in the market from time to time.

Such buying, though not readily traceable, is regarded as emanating in considerable measure from the issuers themselves.

Perhaps not designed especially as support, but rather intended to take advantage of prevailing levels for picking up such issues, this demand, nevertheless, has helped to bulwark the securities against the scared selling which had been rapidly whittling away values in several instances.

Celanese Corp. Delays Sale

The Celanese Corporation which has had $7,522,000 of convertible 3½% debentures in registration with the Securities and Exchange Commission has decided to withhold that issue from market for the time being.

In this particular instance, however, it was not a question of market conditions bringing about the decision to delay the sale.

Rather the company's action resulted from the fact that stockholders must be given first opportunity of subscribing to protect them against arbitrary dilution of their interest.

British stockholders, due to prevailing governmental restrictions, it is observed, would doubtless be unable to exercise their subscription rights, and because of the same conditions would have difficulty in disposing of their "rights."

Plan Of Reorganization For Assoc. Gas & Electric

The first plan of reorganization of Associated Gas & Electric Company and Associated Gas & Electric Corporation, prepared by Henry A. Stix, former Vice-President and Comptroller of the two companies, has been submitted to the trustee of Associated Gas & Electric Company and the trustees of Associated Gas & Electric Corporation. The plan has also been filed with the SEC in Philadelphia.

It proposes a compromise of litigation now in process for several months testing the validity of a plan of rearrangement of debt capitalization announced on May 15, 1933, and vigorously carried through by the previous management.

It also proposes a compromise of imminent litigation between Utilities Employees Securities Company (an investment company for Associated employees) and the respective trustees.

The plan provides for the issuance of various series of certificates of indebtedness of the new corporation with varying priorities provisions in the principal amount of $24,500,000. The certificates are to be exchanged for the presently outstanding trustees' certificates of Associated Gas & Electric Corp. 8% bonds, due 1940, and the Utilities Employees Securities Co. obligations.

Common stock of the new corporation will be issued for the debentures of Associated Gas and Electric Company and Corporation at the rate of 1 1/10 shares for each $100 corporation debentures and 1 share for each $100 of company debentures. It also provides for the issuance, as a compromise, of 1/10 of a share to each $100 Associated Gas and Electric Company convertible obligations and convertible debenture certificates. The total shares of new common stock to be presently held by the public will be 2,549,550 shares.

The plan deplores the necessity for the formation of a new corporation, instead of distributing the assets held by the trustees, but points out the impracticability of raising $24,500,000 of cash quickly under present market conditions and depressed values of utility securities.

Our Reporter On "Governments"

(Continued from First Page)

reason why investors should rush to buy bonds in the open market, therefore, . . . The wiser move is to remain on the sidelines for a few weeks and wait for the Treasury to disclose the terms on its next deal. . . .

Finally, even though the member banks have more than $2,000,000,000 of Treasury funds, any call on the banks' deposits is bound to exercise a dampening influence on their buying inclinations. . . . Even though the banks don't sell, it's unlikely that they'll want to buy many bonds while they're anticipating large drains on their Treasury deposits. . . . Call it psychological—but it's a factor, anyway. . . .

So, the odds are we'll see a dull, quiet market for a while. . . A pre-financing market in some ways. . . . Just a resting market in others. . . . But any strong move on the upside seems improbable. . . . As for the downside, perhaps we'll see a decline of a few 32nds here and there, but nothing important, say the experts. . . .

The Next Financing

There are two angles to any discussion for the coming borrowing. . . .

(1) The fact that Morgenthau has had no difficulty so far in borrowing billions and that his control of the market has been superb indicates that the choice of the Treasury will be a "regular" open market borrowing—in long-term bonds with no special, special features attached. . . .

(2) The fact that the market has had to absorb so many "ordinary" issues indicates the time has arrived for a change, especially in view of the probability that this borrowing is going to be tremendous. . . . Morgenthau's advisers, then, may be in favor of a "change before one is necessary"—to use the words of one of the major dealers. . . .

The inclination of experts at the moment is to expect no unusual provisions in this next borrowing. . . . They are looking for a long-term issue, though, which may be of some importance in deciding switches over the next few weeks. . . .

And they expect allotments this time will be a lot higher than 35%. . . . They even may go to 50%, some say—and they figure this is not too depressing a prediction. . . . On the contrary, with the total of borrowings going up and the timing of borrowings so clear, it's encouraging to see forecasts of two-times' oversubscriptions, they insist. . . .

Anyway, these predictions might guide you in your subscriptions. . . .

Inside The Market

Even switching activities expected to slow down in coming weeks. . . . Arbitraging and switching will pick up again when the borrowing is out. . . .

No anticipations of any major break in the market. . . . Federal Reserve System and Treasury have it too well under control. . . .

Only praise for activities of Reserve Banks is heard these days. . . . Fact that Reserve Banks sold bonds on rise of last few weeks is considered another indication of system's increasing ability to handle market. . . .

Drop of $46,000,000 in currency in circulation last week, sharpest since January, reflects some payments of taxes with hoarded cash. . . . Contrasts with $15,000,000 rise in currency in circulation on same date a year ago. . . . May indicate hoarding of currency is mostly over. . . .

Urges End of Double Taxing of Odd-Lots

Legislation which will eliminate the double taxation of odd-lot trading on the New York Stock Exchanges was urged in a letter sent March 21 by the Commerce and Industry Association of New York, Inc., to the legislative leaders of the Senate and Assembly. The letter, which was signed by Laurence Arnold Tanzer, Chairman of the Association's Committee on Taxation, said:

The evidence is convincing that the heavy taxation of stock transfers has for several years had the effect of driving much business from the State of New York, the reduction in trading being reflected also in losses in real estate values and in other directions. Two years also the Association presented to the Legislature a carefully worked out program for revising the stock transfer tax laws. It is to be regretted that this program was not enacted.

We are convinced it will be possible to enact a law this year ending the double taxation of odd-lot trading. The loss of revenue would not be large and would be offset to a considerable degree, perhaps entirely, by the additional business which would be returned to the State.

We believe that the Legislature should keep constantly in mind the need for still further revisions of the stock transfer tax.

THE BOND SELECTOR

WALWORTH COMPANY 1st MORTGAGE 4s, 1955

Selling at 86, Walworth Company 1st 4s, 1955, yield 5.55% to maturity. The range in 1942 has been narrow since the bonds now sell at their high of the year, whereas the low point was only 83¼. The price range in 1941 was 87 to 77½. For liberal income and some possibility of price appreciation the bonds are recommended to those who desire a medium grade obligation of one of the country's principal suppliers of industrial fittings and valves.

Walworth Company is the second largest manufacturer of valves and fittings. It also produces a complete line of pipe tools and is engaged in jobbing of plumbing and pipe fitting lines. The company's products include iron, steel and bronze valves, lubricated plug valves, cast iron, malleable iron, steel and brass fittings, chrome-nickel-iron cast pipe, Stillson and Walco pipe wrenches and related specialty products. Chief consumers of Walworth's output are industrial plants, oil and gas and power industries, railroads, the mining and smelting industries, users of marine equipment and the building trades.

At the present time the company is naturally an important manufacturer of materials essential to the war effort. In addition to supplying vast quantities of valves and fittings to the Navy and Maritime Commission for use in the construction and maintenance of naval and cargo vessels, Walworth has received substantial contracts for the manufacture of ammunition components.

Originally incorporated in 1872, the company filed a petition in bankruptcy in May, 1935, which was terminated by a reorganization effected in January of 1936. By the terms of this reorganization, fixed charges were scaled down considerably and since that time earnings have been sufficient to cover interest requirements by a good margin, with the exception of 1938 when sales and profits suffered a severe contraction. The following table shows the company's income account since the reorganization year of 1936:

[000 omitted]

	Sales	Depreciation	Available for Fixed Charges	Fixed Charges	Times Earned	Price Range
1941	$31,485	$502	$5,814	$326	17.85	87 -77½
1940	17,128	441	1,835	338	5.42	21 -56
1939	14,274	438	562	348	1.61	67½-56
1938	10,469	438	1,040d	340	3.06d	71 -55⅝
1937	16,615	404	1,706	352	4.85	90 -66
1936	13,766	399	875	356	2.46	87 -70

d Deficit.

Due chiefly to the stimulation afforded by the Defense and War programs, Walworth's sales rose 84% in 1941 to $31,485,000 the highest level in the company's history. Income available for fixed charges in 1941 was equivalent to 15% of sales compared to a ratio of slightly more than 10% in 1940. Fixed charges were earned 17.85 times and overall charges, including preferred dividends, were covered 6.42 times; comparable ratios in 1940 were 5.42 and 3.89, respectively.

Capitalization consists of $5,971,000 First Mortgage 4s, 1955, $579,500 Debenture 6s, 1955, $265,000 mortgage notes and lease purchase contracts, 61,912 shares of 6% preferred stock ($10 par), and 1,358,948 shares of common stock. The First Mortgage 4s, 1955, are secured by a first lien on all the company's property now owned or hereafter acquired. Net depreciated property account stands at $7,121,000, so that bonded debt represents 9.6% of such figure and 37% of gross property account. A sinking fund equivalent to 20% of consolidated net earnings is provided for retirement of the First Mortgage bonds. They are callable at par on any interest date on 60 days' notice.

Walworth's working capital position at the end of 1941 was good, net current assets at that time totaling $6,329,000. Cash stood at $854,000, receivables at $4,222,000 and inventories at $6,812,000; total current assets were $11,888,000. Total current liabilities of $5,559,000 included as its principal item $3,395,000 for tax reserves. Net working capital was equivalent to just about $1,000 for each $1,000 of funded debt outstanding.

The outlook for 1942 is for an even greater volume of sales and a concomitant increase in earnings protection for the First Mortgage bonds. For those investors concerned about the serious tax situation affecting equities can turn to these bonds for liberal income and some possibility of an increase in principal value at least for the duration of the war. Since the obligor is engaged in heavy industry, the bonds are not suggested for post-war retention.

UNION CARBIDE AND CARBON CORPORATION

AND WHOLLY OWNED SUBSIDIARIES
EXCLUDING THOSE OPERATING OUTSIDE THE UNITED STATES AND CANADA

CONSOLIDATED BALANCE SHEET

December 31, 1941

ASSETS

CURRENT ASSETS		
Cash		$ 55,469,516.32
United States Treasury Tax Notes and Accrued Interest		10,020,050.40
Marketable Securities (Cost or Market, whichever lower)		2,565,058.41
RECEIVABLES (After Reserve for Doubtful)		
Trade Notes and Accounts	$ 32,581,433.85	
Other Notes and Accounts	3,546,031.93	36,127,465.78
INVENTORIES (Cost or Market, whichever lower)		
Raw Materials	$ 34,284,327.47	
Work in Process	14,876,258.72	
Finished Goods	12,326,593.62	61,487,179.81
TOTAL CURRENT ASSETS		$165,669,270.72
FIXED ASSETS (Cost or less)		
Land, Buildings, Machinery, and Equipment	$314,548,644.11	
Deduct—Reserves for Depreciation and Amortization	111,425,405.51	203,123,238.60
INVESTMENTS in Wholly Owned Foreign Subsidiaries Excluded from Consolidation (Cost or less)		21,593,292.81
(After eliminating the amount heretofore included in Consolidated Earned Surplus for Wholly Owned Foreign Subsidiaries)		
OTHER INVESTMENTS (Cost or less)		
Affiliated Companies not Wholly Owned—		
In United States and Canada	$ 230,566.17	
Outside United States and Canada	3,392,994.42	
Other Securities	992,824.07	4,616,384.66
DEFERRED CHARGES		
Prepaid Insurance, Taxes, etc.		2,759,836.07
PATENTS, TRADE-MARKS, AND GOODWILL		1.00
TOTAL ASSETS		$397,762,023.86

LIABILITIES

CURRENT LIABILITIES		
Accounts Payable		$ 16,483,130.65
Dividend Payable January 1, 1942		6,958,341.00
Installments due within one year on Sinking Fund Debentures		1,800,000.00
ACCRUED LIABILITIES		
Taxes (Including Income and Excess Profits Taxes)	$ 49,171,340.51	
Interest	235,000.00	
Other Accrued Liabilities	2,200,330.08	51,606,670.59
TOTAL CURRENT LIABILITIES		$ 76,848,142.24
DEFERRED LIABILITIES UNDER GOVERNMENT CONTRACTS		1,094,889.22
FIFTEEN-YEAR, 2½% SINKING FUND DEBENTURES OF UNION CARBIDE AND CARBON CORPORATION DUE SEPTEMBER 1, 1953	$ 28,200,000.00	
Less—Sinking Fund Installments due within one year (provided for above)	1,800,000.00	26,400,000.00
TOTAL LIABILITIES		$104,343,031.46
CAPITAL STOCK OF UNION CARBIDE AND CARBON CORPORATION—9,277,788 shares of no par value not including 136,649 shares held by the Corporation	$192,879,842.43	
EARNED SURPLUS—After elimination of $7,677,310.65 heretofore included in Consolidated Earned Surplus for Wholly Owned Foreign Subsidiaries not consolidated in 1941	100,539,149.97	293,418,992.40
		$397,762,023.86

CONSOLIDATED INCOME AND SURPLUS STATEMENTS

Year Ended December 31, 1941

INCOME

INCOME		$106,759,419.67
Deduct—		
Depreciation and Depletion	$ 13,637,195.86	
Amortization	6,667,578.20	
Interest	771,136.26	
Income and Excess Profits Taxes	43,641,884.66	64,717,794.98
NET INCOME		$ 42,041,624.69

SURPLUS

EARNED SURPLUS AT JANUARY 1, 1941		$ 95,648,684.98
Add—		
Net Income for year	$ 42,041,624.69	
Cancellation of Valuation Reserve applicable to Marketable Securities sold in 1941	1,284,447.50	43,326,072.19
		$138,974,757.17
Deduct—		
Dividends Declared	$ 27,833,364.00	
Elimination of amount heretofore included in Consolidated Earned Surplus for Wholly Owned Foreign Subsidiaries not consolidated in 1941	7,677,310.65	
Payments on Past-Service Annuities relating to prior years under Employees' Retirement Plan	2,893,633.73	
Decrease in Market Value of Marketable Securities at December 31, 1941	31,298.82	38,435,607.20
EARNED SURPLUS AT DECEMBER 31, 1941		$100,539,149.97

NOTES RELATING TO FINANCIAL STATEMENTS

1—In previous years all wholly owned subsidiaries were consolidated. However, owing to inability to obtain audited accounting statements, it has been necessary to exclude from consolidation in 1941 the assets and liabilities of wholly owned foreign subsidiaries operating outside the United States and Canada. The investment in such subsidiaries, including advances, is stated in the Consolidated Balance Sheet at cost or less. Only that part of the income of such subsidiaries received during the year in dividends is included in Consolidated Income. Unaudited reports covering less than a full year indicate that the income of companies paying such dividends will exceed the amount of dividends paid.

With respect to Wholly Owned Foreign Subsidiaries heretofore consolidated, the amount of $7,677,310.65 previously included in Consolidated Earned Surplus is now eliminated.

2—Current assets, liabilities, and earnings of Canadian subsidiaries consolidated have been converted at the official rate of exchange.

3—Certain raw materials were charged into production on the "last-in—first out" method rather than the "average cost" method previously employed. The effect of this change has not been material.

4—Between January 1, 1938, (or date of acquisition, whichever is later) and date of latest reports, which are unaudited, the equity in the net worth of certain affiliated companies carried in Other Investments at $2,627,877.73 increased $666,044.29, of which $332,230.50 is applicable to the current period. No reports are available for 1941 on the remaining affiliated companies carried in Other Investments at $995,682.86.

The Consolidated Net Income does not include any part of the undistributed net income of affiliated companies.

5—The Trustee of the Savings Plan for Employees holds Collateral Debentures of Carbide and Carbon Management Corporation secured by 180,025 shares of stock of Union Carbide and Carbon Corporation under plans for employees. As of December 31, 1941, the assets held by the Trustee amounted to $11,071,121.42 and the unpaid balance of amount borrowed by the Trustee in connection with the purchase of debentures was $4,600,000.00. Union Carbide and Carbon Corporation has agreed to maintain the assets in the Trust Estate at an amount sufficient to repay the indebtedness and permit the distribution of the Trust Estate to the persons entitled thereto.

6—Additional payments (in the maximum amounts acceptable to the Insurance Companies) relating to years prior to July 1, 1937, were made to Metropolitan Life Insurance Company, The Prudential Insurance Company of America, and other insurance companies to apply toward the purchase of Past-Service Annuities under the Employees' Retirement Plan. These payments were charged to surplus. Payments for the purchase of Future-Service Annuities were charged against income.

AUDITORS' REPORT

UNION CARBIDE AND CARBON CORPORATION:

We have examined the balance sheet of Union Carbide and Carbon Corporation and its wholly owned subsidiaries, excluding those operating outside the United States and Canada, as of December 31, 1941, and the statements of income and surplus for the year then ended, have reviewed the system of internal control and accounting procedures of the companies (except as noted below) and, without making a detailed audit of the transactions, have examined or tested accounting records of the companies and other supporting evidence by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

We have reviewed the statements of one subsidiary audited by other independent accountants and have accepted these statements for the purpose of consolidation.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Union Carbide and Carbon Corporation and its subsidiaries consolidated at December 31, 1941, and the results of consolidated operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year except as to the change in the basis of consolidation as explained in Note 1 and as to the method of charging certain raw materials into production as explained in Note 3 of notes relating to financial statements. In our opinion, these changes are in accordance with generally accepted accounting principles.

HURDMAN AND CRANSTOUN
Certified Public Accountants

New York, N. Y., March 21, 1942

Tomorrow's Markets Walter Whyte Says—

(Continued from page 1229)

taxes is it's major worry. I think it's war.

* * *

It is all well and good to read crowing headlines about minor victories against the Japs. The fact is that the market is not trying to gauge minor armed skirmishes. It is interested in the more basic underlying factors that make up the framework of our social and economic structure and by the same token indicate the continuance, the good and poor action, of our stock market.

* * *

Don't misunderstand me, I don't say that taxes are unimportant (I haven't gotten over the shock of paying the last one yet) but alongside the bigger problems brought on by the war, taxes pale into insignificance. Sure, I know, that when tax time comes around, and when and if you make a little money, the government comes along and says: "Kick in with 60%," you don't think it is unimportant—not by a long shot. Yet, this is a personal application and whether we like it or not, all personal feelings will have to be submerged in the more important effort to win this war.

* * *

Having gotten this off my chest, I'll now go back to the stock market. As this is written, action is practically non-existent. Still most of the averages are a couple of points above their recent lows. Now anybody who follows stock market technical indications, knows the trend is down. I don't think you will find much disagreement on this point. But the important thing is whether or not the recent action indicates a nearby turn. Before saying any more, let me hasten to add, that such a turn is indicated.

* * *

Stocks have now gotten themselves into a corner and any external stimuli may knock them out of their rut. How far and how long such a rally can last, is beyond my ken. If I were badgered into answering, I would say that a move, of say, 2 to 3 points, is not improbable; that would be the most I could see. On the other hand, down markets are all too often fed not by good, but by bad news. So what may start off like just a temporary reaction can easily develop into something else.

* * *

I know that all this leaves you at sea. Still it is better to conserve your speculative cash until clearer signals are given than dive in now, just because they "look" cheap. Cheapness is a relative term anyway. I have often found a stock cheap, at say 50, and the same stock expensive at 10. So hold your ammunition. I may have better things to say next week.

* * *

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.]

New York Stock Exchange Weekly Firm Changes

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

Transfer of the Exchange membership of Rawson G. Lizars to A. A. Mol, formerly a partner in Granberry & Co., New York City, will be considered on April 2.

Transfer of the Stock Exchange membership of Howard Crosby Foster, deceased, to William B. Anderson will be considered on April 2.

Frederick W. Pelzer, New York City, died on March 18.

Lawrence Howe, partner in Shearson, Hammill & Co., New York City, died on March 17.

Frances O'Connor, a partner in Winsolw, Douglas & McEvoy, New York City, died on March 17.

Interest of Samuel N. Goldberg, deceased, in Sutro Bros. & Co., ceased as of March 11.

Treasury To Offer Ctfs.

The Treasury plans to offer in April two issues of certificates of indebtedness, Secretary Morgenthau announced on March 22. This is the first time since 1934 that this type of security—limited by law to one-year maturity—has been offered. It was explained by Secretary Morgenthau that the new certificates will be redeemed in cash at maturity and will carry no exchange privileges. The first offering is expected to be made during the week of April 7.

Mr. Morgenthau said that these short-term securities would provide a greater fluidity to the money market and would also satisfy the demands of those business firms which prefer a short-term marketable security with an interest coupon to discount securities such as Treasury bills.

Put & Call Brokers Announce Nominees

The nominating committee of the Put & Call Brokers & Dealers Association, Inc., New York, which is headed by Charles E. Treloar, has presented the following slate of officers and directors for the ensuing year: President, Sidney D. Harnden; Vice-President, Max Hesslein, and Secretary, Charles S. Godnick. The annual meeting of the association will be held on April 21. In addition to the above directors, Paul A. Karp and Alexander Feder will serve as carryovers on the board.

Bond Clerks of NYSE Firms Join Independent Union

Bond clerks employed by New York Stock Exchange member firms have selected the independent association of Telephone Bond Clerks as their sole bargaining representative in an election held by the National Labor Relations Board. After certification of the organization by the Board, after a consent vote is taken, the bond employes will be recognized union men. This is the first time in history that union employes will work on the floor of the Exchange.

J. Lein & J. Berkowitz To Form J. P. Lein Co.

John P. Lein, member of the New York Stock Exchange, and Jay J. Berkowitz are forming John P. Lein & Co., as of April 2. Offices of the new firm will be located at 120 Broadway, New York City. Mr. Lein has recently been doing business as an individual floor broker; prior thereto he was a partner in John P. Lein & Co. and Harrison & Lein.

Interesting Situation

The current situation in securities of the St. Louis Southwestern Railway Co. offers attractive possibilities, according to a circular just issued by Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange. Copies of this circular may be had upon request from Pflugfelder, Bampton & Rust.

Thomson & McKinnon Moving To New Office

CHICAGO, ILL.—Thomson & McKinnon, who have been in the Board of Trade Building since 1930, will move to new quarters at 231 South La Salle Street, on or about May 1. The new offices, which will be on the seventh floor, are now being made ready and will occupy over 7,500 square feet of floor space.

In Armed Forces

Ralph de Pasquale of Clark, Kohl & Eyman, 55 Liberty Street, New York City, is entering the armed service.

J. Smith Ferebee of Chicago, well-known in La Salle Street circles, has reported for active duty as a Lieutenant with the Chicago Naval Aviation cadet selection board.

If you are entering the armed services, will you kindly send particulars to the Editor of the "Financial Chronicle" for publication in this column.

Hirshon Admitting Crowley

William J. Crowley will shortly be admitted to partnership in Hirshon & Co., 31 Broadway, New York City, members of the New York Stock Exchange. It is proposed that Mr. Crowley act as alternate for Walter Hirshon, the Exchange member of the firm, on the floor of the Exchange.

UP-TOWN AFTER 3

MOVIES

"Bedtime Story" (Columbia), Loretta Young, Frederic March, Robert Benchley, Eve Arden, Allyn Josleyn, and others. Directed by Alexander Hull. . . . A lightweight yarn about an actress (Loretta Young), who Tired of It All, wants to give up the stage and retire to a life of bucolic contentment, say on a Connecticut farm. Playwright husband (Frederic March) has other ideas. He is busy writing the Great American Play in which he wants her to star. So she ups and leaves him, tells her troubles to a Reno judge and then remarries. The rest of the picture concerns itself with the not too original efforts of ex-husband to win her back. If you know your movies you know she is finally won over. One scene, the last, is actually hilarious. The rest are just run of the mill. By the way, title, "Bedtime Story," has nothing to do with the plot. It's like they say in the movies, "Any resemblance is purely coincidental." . . . **"Yokel Boy" (Republic), Albert Dekker, Joan Davis, Eddie Foy, Jr., Alan Mowbray, and others. Directed by Joseph Santley.** . . . From the home of B pictures comes this amusing satire of life and business at the mythical Mammoth Film Studios and how pictures are produced. It all begins when the studio's dynamic press agent hires an "idea" man whose only qualification is his world record for movie attendance. The "idea" man's first task is to choose the feminine lead in a forthcoming gangster super-super production. He picks the niece of the executive producer, a choice which makes every ranking star leave the set. So Joe (that's the idea man, played by Eddie Foy, Jr.), is chosen a committee of one to go to Chicago and hire a notorious gangster, Buggsy Malone, to come to Hollywood and play the title role. From there on the pace increases and at times becomes really funny. Naturally slapstick is the order of the day but even that can be amusing if it isn't painted on with too thick a brush. In any case, "Yokel Boy" is almost good enough to stand on its own merits without depending on a double feature.

RESTAURANT

Like Abou Ben Adhem the **Colony Restaurant (61st & Madison)** leads all the rest. When you eat there you eat at the finest restaurant in New York. Because of mundane things like expense I'm really an Automat man. But no cashier, checker or busboy ever stepped at the Automat to tell me her (or his) momma done tol' her that Smith was a hell of a guy. Here at the Colony it's different. I'm not only a man about town but everybody knows my name. And if you don't think that makes one feel six feet tall—brother think again! Even Barbara Boston, she's the lifted pinky scribe for the "Daily News," stopped doing wacky things with her fingers long enough to wave to me. And Ray Bolger, he's that tall lanky chap who does impossible things with his legs, turned around and waved too. (By the way, Ray, how's about a couple down front in your show? Or ain't ya workin'? And if you ain't what are you doing at the Colony?) Of course, all this attention may have come my way because of Mlle. Piccard of the stratosphere Piccards. But I refuse to shine in anyone's reflected light. Even a blonde's. Of course, no mention of the Colony is complete without its owner, Gene Cavallero, he of the striped pants and cutaway shielding an ebonpoint that has always been the hallmark of a genial boniface. But don't let Mr. Cavallero's impressive demeanor scare you. For despite his J. P. Morgan appearance Gene is an easy chap to get along with. I never knew anybody who knows so many grand dishes. Do you want ambrosia and nectar?—whatever that is—visit the Colony and ask Gene to whip up a mess. I'll bet he knows.

NIGHT CLUBS

If you visit some of the New York night spots you'd never think there's a war going on. They are that jammed. **Billy Rose's Diamond Horseshoe (W. 46th)** is one of them. Last week it celebrated its anniversary (fifth, I think) and as usual the noise was terrific. It's hardly the place to go to have a quiet conversation. However, the entertainment makes up for it. Famous movie and stage names of another day are flanked by pretty show girls of today in a presentation that receives lots of applause. The place is decorated in the garish motif of the gay nineties and the tunes the band plays and the songs heard are mostly of the period, a condition that brings nostalgic tears to many a celebrant's eyes. . . . Another spot that seems to be doing well is **Cafe Society Uptown (E. 58th)**. Originally the home of boogie-woogie and intended to satirize cafe society it has become its favorite. The show here is always good. Right now it has Kenneth Spencer, of whom Lawrence Tibbett said, "He has one of the most beautiful voices I have ever heard." Spencer looks like Robeson; even sings like him. Then of course, there is Hazel Scott, who does things to the classics you'd never believe possible, and Joe Sullivan, piano-composer, who is something of a legend among musicians.

Chicago Club Welcomes Seven To Membership

CHICAGO, ILL.—At a luncheon meeting of the Bond Club of Chicago, Edward C. George, President of the Club, introduced seven new members: John William Allen, A. C. Allyn & Co., Inc.; William Lawlor, Hickey & Co., Inc.; George Gruner, Lee Higginson Corporation; Lloyd Jammer, R. S. Dickson & Co., Inc.; Homer P. Hargrave, Merrill Lynch, Pierce, Fenner & Beane; Robert M. Sproat, Smith, Barney & Co.; and Burt J. Dickens, Jr., McGraw & Co.

Guest speaker at the meeting was Frank Smothers, foreign correspondent.

GENERAL FOODS CORPORATION AND WHOLLY OWNED SUBSIDIARY COMPANIES IN THE UNITED STATES AND CANADA

COMPARATIVE CONSOLIDATED BALANCE SHEET DECEMBER 31, 1941 AND DECEMBER 31, 1940

ASSETS

	Dec. 31, 1941		Dec. 31, 1940 (Note 1)	
CURRENT ASSETS:				
Cash		$ 7,500,154		$14,191,972
Accounts and notes receivable:				
Customers' accounts	$12,415,388		$11,356,690	
Miscellaneous, including deposits and working funds	1,711,694		1,096,828	
Notes, drafts, and acceptances receivable	198,197		189,152	
	$14,325,279		$12,642,670	
Less—Reserve for discounts and for doubtful accounts and notes	316,397	14,008,882	358,512	12,284,158
Inventories, at cost or market, whichever is lower:				
Raw materials	$37,245,715		$18,571,596	
Finished and semifinished stock	18,244,089		13,406,435	
Supplies	1,740,821	57,230,625	886,133	32,864,164
Total current assets		$ 78,739,661		$59,340,294
OTHER ASSETS:				
Investments in and advances to subsidiary companies (not consolidated) at proportionate amount of book value of net tangible assets:				
Domestic companies, less reserve of $168,106 (158,317 in 1940)	$ 658,114		$ 676,544	
Great Britain and Philippine Islands companies	894,980		753,995	
Loans to employes	87,446		99,466	
Investment in The Best Foods, Inc. (29% of capital stock)	3,149,776		3,149,776	
Other stocks and bonds, at cost, less reserve of $450,000 ($402,000 in 1940)	528,933		270,297	
Balances in suspended banks, less reserve of $144,000	31,318		36,593	
Long-term notes and accounts receivable, less reserve of $136,000	567,585	5,918,152	956,173	5,942,844
PROPERTY ACCOUNTS:				
Land, factory sites, etc.	$ 3,700,011		$ 3,826,409	
Buildings, docks, etc.	16,673,519		16,421,422	
Machinery, equipment, motor trucks, vessels, etc.	38,158,374		34,462,705	
	$58,531,904		$54,710,536	
Less—Reserves for depreciation	25,863,944	32,667,960	24,227,764	30,482,772
(Properties are stated at cost, excepting certain properties appraised at sound values in 1916 and 1926; the balance at Dec. 31, 1941, of the appraised values in excess of cost, not yet covered by depreciation was $840,583—$882,564 in 1940.)				
TRADE-MARKS, PATENTS, AND GOOD WILL		1		1
DEFERRED CHARGES TO OPERATIONS:				
Prepaid advertising expense and supplies	$ 554,028		$ 477,345	
Prepaid insurance premiums and other expenses	654,826		709,450	
Purchase contract rights—balance unamortized	230,735	1,439,589	255,238	1,442,033
		$118,765,363		$97,207,944

LIABILITIES

	Dec. 31, 1941		Dec. 31, 1940 (Note 1)	
CURRENT LIABILITIES:				
Notes payable to banks	$ 4,500,000			
Acceptances and drafts payable	127,995		$ 82,987	
Preferred dividend payable	168,750		168,750	
Foreign drafts discounted	36,561		65,311	
Accounts payable	9,066,630		4,637,458	
Accrued expenses	464,484		399,238	
Salaries, wages, etc., payable and accrued	1,271,624		1,247,931	
Accrued taxes	1,261,193		975,635	
Federal and foreign income taxes	13,087,800		5,325,828	
Total current liabilities		$29,985,037		$12,903,138
RESERVE FOR CONTINGENCIES		1,971,212		471,212
CAPITAL STOCK AND SURPLUS:				
Preferred stock:				
Authorized—350,000 shares without par value				
Issued—150,000 shares $4.50 cumulative preferred (involuntary liquidation preference $100 a share)	$15,000,000		$15,000,000	
Common stock:				
Authorized—6,000,000 shares without par value				
Issued—5,359,751 shares (Including 85,778 shares held by a subsidiary company for conversion of its Class A stock in hands of public.)	48,402,798		48,402,798	
	$63,402,798		$63,402,798	
Earned surplus, statement attached	$28,537,770		$25,562,250	
Less—Amount allocated in respect of common stock reacquired and held in treasury (108,311 shares at cost)	5,131,454		5,131,454	
	$23,406,316		$20,430,796	
Total capital stock and surplus		86,809,114		83,833,594
		$118,765,363		$97,207,944

COMPARATIVE CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEARS ENDED DECEMBER 31, 1941 AND DECEMBER 31, 1940

	Years ended Dec. 31, 1941		Dec. 31, 1940 (Note 1)	
Net sales		$180,358,903		$152,188,335
Cost of goods sold, including provision for depreciation and freight charges	$117,086,934		$99,547,590	
Selling, administrative, and general expenses, and other charges	36,258,114		32,983,927	
Provision for Profit Incentive Plan		153,345,048	409,300	132,940,817
Profit from operations		$ 27,013,855		$19,247,518
Other income:				
Dividends received from The Best Foods, Inc.	$ 456,750		$ 442,250	
Other dividends and interest	147,576		48,903	
Royalties and miscellaneous income	335,495		325,004	
Proportionate share of profits (or losses) of subsidiary companies not consolidated	(10,607)		134,704	
	$ 929,214		$ 950,861	
Less—Interest expense	36,969	892,245	14,321	936,540
Profit before provision for taxes and contingencies		$ 27,906,100		$20,184,058
Provision for Federal income tax (including surtax)	$ 6,477,000		$ 4,725,655	
Provision for Federal excess profits tax	5,260,000			
Provision for foreign income and profits taxes	515,700	12,252,700	214,326	4,939,981
Profit before provision for contingencies		$ 15,653,400		$15,244,077
Provision for contingencies		1,500,000		
Net profit, carried to surplus		$ 14,153,400		$15,244,077
Net profit, after preferred dividends, per share of common stock outstanding at end of year		$2.56		$2.77

COMPARATIVE CONSOLIDATED STATEMENT OF EARNED SURPLUS FOR THE YEARS ENDED DECEMBER 31, 1941 AND DECEMBER 31, 1940

	Years ended Dec. 31, 1941		Dec. 31, 1940	
Balance at beginning of year		$ 25,562,250		$21,496,053
Net profit, from consolidated statement of profit and loss		14,153,400		15,244,077
		$ 39,715,650		$36,740,130
Dividends on stock in hands of public:				
Common—$2.00 per share	$10,502,880		$10,502,880	
Preferred—$4.50 per share	675,000		675,000	
		11,177,880		11,177,880
Earned surplus at end of year		$ 28,537,770		$25,562,250

NOTES TO FINANCIAL STATEMENTS

1. The accounts of 4 wholly owned subsidiary companies located in Great Britain and in the Philippine Islands, which heretofore have been consolidated with the accounts of the parent corporation and the other subsidiary companies, have been excluded from the consolidation in 1941. For purpose of comparison, previously reported figures for the year 1940 have been reclassified to reflect such change.

2. Net current assets and deferred expenses of foreign subsidiary companies and the results of their operations for the year 1941 have been reflected in the accompanying financial statements at official rates of exchange at the close of the year; property accounts have been reflected on the basis of approximate cost of exchange.

3. Depreciation provided for 1941 aggregated $2,654,071 ($2,698,943 in 1940), of which $1,795,789 ($1,822,873 in 1940) has been included in cost of goods sold and $858,282 (876,070 in 1940) in other accounts.

ACCOUNTANTS' OPINION

To the Board of Directors of
General Foods Corporation

February 18, 1942

We have made an examination of the consolidated balance sheet of General Foods Corporation and wholly owned subsidiary companies in the United States and Canada as at December 31, 1941, and of the related statements of profit and loss and earned surplus for the year 1941. In connection therewith, by methods and to the extent we deemed appropriate, we reviewed the system of accounting control and procedures and, without making a detailed audit of the transactions, examined or tested accounting records and other supporting evidence. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary. We have not examined the accounts of a partially owned and four wholly owned subsidiary companies located in Great Britain and in the Philippine Islands; the aggregate investment in such companies represents less than 1% of the consolidated assets. The accounts of these four wholly owned subsidiary companies, which heretofore have been consolidated with the accounts of the parent corporation and other subsidiary companies for the purpose of annual reports, have been excluded from the consolidation in 1941. The investments in and advances to such excluded companies are stated in the balance sheet at the amount of the net tangible assets as of the most recent dates for which reports have been received.

In our opinion, the accompanying consolidated balance sheet and related statements of profit and loss and earned surplus present fairly the position of the companies consolidated at December 31, 1941, and the results of their operations for the year 1941, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, except for the change in consolidation approved by us and referred to in the preceding paragraph.

PRICE, WATERHOUSE & Co.
56 Pine Street, New York, N. Y.

The Consolidated Balance Sheet for General Foods Corporation at Dec. 31, 1941, and related financial statements have been prepared under my supervision and, in my opinion, are correct.

Feb. 18, 1942 MARVIN W. KIMBRO, *Controller*

Calendar of New Security Flotations

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

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

Offerings will rarely be made before the day following.

SATURDAY, MARCH 28

DODGE & COX FUND

Dodge & Cox Fund (formerly Investors Management Trust) filed a registration statement with the SEC for an indeterminable number of beneficial shares, with an aggregate net asset value of $500,000. The number of shares is indeterminate due to fluctuating net asset value per share.

Address—1708 Mills Tower, San Francisco, Cal.

Business—Company is an investment trust. Purpose of company is to make available for moderate-sized amounts of capital the supervision of Dodge & Cox, investment managers.

Offering—The beneficial shares will be offered to the public, at the market on the date of subscription.

Proceeds will be used for investment purposes.

Registration Statement No. 2-4961. Form A-2. (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)

Issue approved by SEC March 25.

Bids Asked—Proposals for purchase of the $10,000,000 bonds will be received by company at Room 1905, 60 Broadway, N. Y. City, up to 12 noon, EWT, March 30

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 underwirters, 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)

Offering Deferred—Company announced March 25 that it had postponed for the time being offering to holders of common stock of proposed bond issue, due to problem arising in connection with British stockholders

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)

Amendment filed March 24 naming the underwriters and their participation as follows:

Kidder, Peabody & Co.	14,000 shs.
G. H. Walker & Co., St. Louis	14,000 shs.
Harris, Hall & Co., Chicago	2,000 shs.

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)

SATURDAY, APRIL 4

KLINE BROTHERS COMPANY

Kline Brothers Co. filed a registration statement with the SEC for $322,300 of 5% sinking fund notes, due May 1, 1952, and registration statement for certificates of deposit to be issued to holders of outstanding 5% notes of company, under plan of exchange

Address—132 W. 31st St., New York, N.Y.

Business—Operates 19 retail department stores located in various cities in Illinois, Michigan, Ohio, Iowa, Missouri, Pennsylvania and Georgia, selling merchandise of the character generally sold in small department stores

Offering—The new 5% notes will first be offered, par for par, in exchange for the outstanding 5% notes due Dec. 31, 1943, and May 1, 1944; latter noteholders, depositing under the exchange plan, will receive equal amount of certificates of deposit. Such of the new notes not issued in exchange for the outstanding 5% notes, will be sold to public, at 100 and accrued interest

Underwriting — Illinois Securities Co., Joliet, Ill., is the underwriter of the notes not issued under exchange plan

Proceeds will be used to retire all outstanding 5% notes of company

Registration Statements No. 2-4966 (D-1A, covering certificates of deposit) and 2-4967 (A2, covering new notes). (3-16-42)

MONDAY, APRIL 6

INTERIM FINANCE CORP.

Interim Finance Corp. filed a registration statement with the SEC for 39,912 shares class A stock, $25 par; and 25,232 shares common stock, $1 par

Address—33 N. La Salle St., Chicago, Ill.

Business—Primary function of company is to loan money to enterprises whose debt and/or capital structures are being adjusted or reorganized by its wholly-owned subsidiary, H. M. Preston & Co. A secondary function is to loan money, with funds not used in its primary function, to provide "interim" or intermediate financing to enterprises until the financial positions of the borrower or a change in general capital markets open avenues for longer-term borrowing from customary sources

Underwriter—H. M. Preston & Co., Chicago, Ill., is the sole underwriter. The underwriting commission is $8 per unit

Offering—The class A stock is to be sold in units of 4 shares, at a price of $110 per unit. With at least the first 900 units, there will be included with each unit 4 shares of common stock; thereafter company reserves the right to reduce the number of common shares to be included in each unit of class A stock

Proceeds will be used for working capital

Registration Statement No. 2-4968. Form A-1. (3-18-42)

AMPCO METAL, INC.

Ampco Metal, Inc., has filed a registration statement with the SEC for 166,667 shares common stock, $2.50 par

Address—Milwaukee, Wis.

Business—Company is engaged principally in the production and sale of aluminum bronze; also produces and sells a companion line of other bronzes, and furnishes other non-ferrous alloys meeting certain specifications

Underwriting—Van Grant & Co., Detroit, Mich., is the principal underwriter; names of the other underwriters will be supplied by amendment. Underwriting commission is $1.50 per share

Offering—The common stock registered will be offered to the public at a price of $7.50 per share

Proceeds will be applied as follows: $319,000 to pay for certain equipment and tools; $50,000 to payment of outstanding bank loan; purchase of $500,000 principal amount of U. S. Government tax anticipation notes, and balance for working capital

Registration Statement No. 2-4969. Form S-2. (3-18-42)

THURSDAY, APRIL 9

NATIONAL OIL PRODUCTS CO.

National Oil Products Co. has filed a registration statement with the SEC for $1,000,000 of sinking fund 3¼% debentures, due April 1, 1957

Address—Essex & First Sts., Harrison, N. J.

Business—Business of company and its subsidiaries is essentially a chemical business. The more important products processed, manufactured and sold are (1) chemical products used chiefly for industrial purposes and (2) vitamin products and vitamin concentrates

Underwriters and amount of the debentures which each has agreed to purchase from company, are: Jackson & Curtis, Boston, $500,000; Schwabacher & Co., San Francisco, $400,000; Kebbon, McCormick & Co., Chicago, $100,000

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

Proceeds to extent of $500,000 will be applied to payment of outstanding notes payable, and the balance will be added to working capital

Registration Statement No. 2-4970. Form A-2. (3-21-42)

SATURDAY, APRIL 11

LIPE-ROLLWAY CORP.

Lipe-Rollway Corp. filed a registration statement with the SEC for 80,000 shares $1 cumulative convertible preferred stock, $10 par, and 160,000 shares class A stock, $1 par, latter reserved for issue upon conversion of the preferred stock

Address—208 S. Gedded St., Syracuse, N. Y.

Business—Incorporated in 1924 as W. C. Lipe, Inc., on March 16, 1942, the name was changed to Lipe-Rollway Corp. Part of the proceeds of this financing is intended to be used for acquisition by the company of all or at least a majority of the outstanding stock of Rollway Bearing Co., Inc., of Syracuse, N. Y. Business of the company, including that of Rollway Bearing Co., Inc., includes the manufacture and sale of machine tools, reamers, cutters, clutches, clutch parts, bearings, etc.

Underwriter—Barrett Herrick & Co., Inc., New York, is the sole underwriter

Offering—The preferred stock will be offered to the public at $14 per share; the underwriting commission is $2.10 per share

Proceeds will be used in part to acquire all or as many shares as possible of the outstanding capital stock of Rollway Bearing Co., Inc., the balance will be used for additional working capital

Registration Statement No. 2-4971. Form A-2. (3-23-42)

DATES OF OFFERING UNDETERMINED

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

AMERICAN BAKERIES CO.

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

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

Business—Manufacturing and distributing bakery products in souther states

Underwriter—None named

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

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

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

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

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

Amendments filed Nov. 21, Dec. 8, Dec. 26, 1941, Jan. 12, Jan. 29, Feb. 7, Feb. 16 and March 5, 1942 to defer effective date

ATLANTIC CITY ELECTRIC CO.

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

Address—Atlantic City, N. J.

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

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

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

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

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

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

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

AXTON FISHER TOBACCO CO.

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

Address—Louisville, Ky.

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

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

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

Amendments filed Feb. 27 and March 16, 1942, to defer effective date

BEAR MINING AND MILLNG COMPANY

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

Address — 513 Majestic Bldg., Denver, Colo.

Business—Mining and milling

Underwriter—None

Offering—Stock will be offered publicly at $1 per share, selling commission, 15%

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

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

Amendments filed Dec. 3, Dec. 31, 1941, Jan. 19, Feb. 25 and March 12, 1942, to defer effective date

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)

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

Calendar of New Security Flotations

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

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. 10 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, Feb. 25 and March 14, 1942, to defer effective date

ILLINOIS COMMERCIAL TELEPHONE CO

Illinois Commercial Telephone Co. registered with SEC $5,750,000 of first mortgage 3¾% bonds, due Oct. 1, 1971; and 24,000 shares of $5 cumulative preferred stock no par

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

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

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

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

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

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

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

Amendments filed Nov. 26, Dec. 15, 1941 Jan. 2, Jan. 21, Feb. 7, Feb. 26 and March 16, 1942, to defer effective date

Illinois Commercial Telephone Co. on March 19, 1942, filed an amendment to its registration statement disclosing that it now proposes to offer to the public $5,760,000 first mortgage 3½% bonds, due March 1, 1972. Previously, in original registration statement filed on Oct. 24, 1941, company had proposed to sell $5,750,000 of first mortgage 3¾% bonds, due 1971, and 24,000 shares of $5 cumulative preferred stock, no par value

Proceeds from sale of the $5,750,000 of first mortgage 3½% bonds, due 1972, together with other funds of the company, are to be used to retire the outstanding $5,750,000 of first mortgage series A 3¾% bonds, due 1970

Underwriters of the 3½s of 1972, and the principal amount which each has agreed to underwrite, are: Bonbright & Co., New York, $2,875,000; Paine, Webber & Co., New York, $2,156,000; Mitchum, Tully & Co., Los Angeles, Cal., $719,000

INTER-MOUNTAIN TELEPHONE CO.

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

Address—Sixth and Crumley Sts., Bristol Tenn.

Business—Supplies telephone service in portions of Virginia and Tennessee

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

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

Proceeds will be received by the underwriters

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

Amendments to defer effective date filed Dec. 22, 1941, Jan. 9, Jan. 27, Feb. 14, and March 2, 1942

LIBERTY AIRCRAFT PRODUCTS CORP.

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

Address—Farmingdale, N. Y.

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

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

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

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

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

Amendments filed Feb. 26 and March 14, 1942, to defer effective date

MILLER TOOL & MFG. CO.

Miller Tool & Manufacturing Co. has filed a registration statement with the SEC for 92,792 shares of common stock $1 par value

Address—Detroit, Mich.

Business—Company is engaged in the manufacture and sale of service tools for use by the automotive industry

Underwriters—Baker, Simonds & Co. is named the principal underwriter

Offering—24,875 shares of common stock will be sold to the public for the account of the company; the remaining 67,917 shares registered are already issued and outstanding, and will be sold to the public for the account of certain selling stockholders. The public offering price is $4.20 per share

Proceeds will be used for the purchase of machinery and equipment and for working capital

Registration Statement No. 2-4920. Form S2. (12-26-41 Cleveland)

Amendments filed Jan. 10, Jan. 28, Feb. 11, Feb. 28 and March 16, 1942, to defer effective date

NORTHERN NATURAL GAS CO.

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

Address — Aquila Court Bldg., Omaha Nebraska

Business—Production and transmission of natural gas

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

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

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

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

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

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

PUBLIC SERVICE CO. OF INDIANA, INC.

Public Service Co. of Indiana, Inc., registered with SEC $42,000,000 first mortgage series D 3¾% bonds, due Dec. 1, 1971

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

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

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

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

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

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

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

REPUBLIC DRILL & TOOL CO.

Republic Drill & Tool Co. has filed a registration statement with the SEC for: 125,000 shares of 55-cent cumulative convertible preferred stock, $1 par; option warrants to purchase 62,500 shares of $1 par common stock; 125,000 shares $1 par common stock, reserved for issuance upon conversion of the preferred stock, and 62,500 shares $1 par common stock reserved for the option warrants

Address—Chicago, Ill.

Business—Engaged in the manufacture and sale of a variety of twist drills

Underwriter—Craigmyle, Rogers & Co. is the sole underwriter

Offering—The 125,000 shares of preferred stock will be offered to the public at $5 per share; provision is made, however, that the initial offering price may be reduced to not less than $4 per share. The option warrants, above mentioned, are to be issued to the underwriter as additional compensation. If the underwriter exercises the warrants, the shares of common stock covered by such warrants may be offered to the public; details of such public offering, if any, will be supplied by amendment

Proceeds will be used to purchase machinery and equipment, and for working capital

Registration Statement No. 2-4950. Form A1 (2-24-42)

SOUTH CAROLINA INSURANCE CO.

South Carolina Insurance Co. registered with SEC 12,500 shares common stock, $5 par value

Address—1400 Main St., Columbia, S. C

Business—Engaged principally in the writing of fire insurance

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

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

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

Amendments filed Dec. 16, 1941, Jan. 3, Jan. 22, Feb. 10 and Feb. 27, 1942, to defer effective date

R. L. SWAIN TOBACCO CO., INC.

R. L. Swain Tobacco Co., Inc., filed a registration statement with the SEC for 5,000 shares Class A common stock, $1 par value, and 60,000 shares Class B common stock, $1 par value

Address—Danville, Va.

Business—Company markets Panax Processed Pinehurst cigarettes, manufactured for company under its Panax Process by Axton-Fisher Tobacco Co., Inc. The Panax Process acts as a hygroscopic or moisture retaining agent. Panax is a demulcent—soothes the membranes of the throat, and is tasteless and oderless

Underwriting and Offering—The shares will be offered to the public at a price of $5 each for each class of stock. John W. Yeaman, Martinsville, Va., who was named as underwriter, withdrew on Jan. 31, 1942

Proceeds will be used for plant additions, for purchase of additional equipment, and for working capital

Registration Statement No. 2-4928. Form A1 (1-9-42)

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

TEXAMERICA OIL CORP.

Texamerica Oil Corp. registered with SEC 119,891 shares common stock, $2 par.

Address — Milam Bldg., San Antonio Tex.

Business—Engaged in production and marketing of crude oil, acquire mineral leasehold interests in producing or proven oil properties in Texas, drilling of oil wells thereon, acquire royalty interests in proven and developed oil properties.

Underwriter—Willard York Co., San Antonio, Tex., has agreed to purchase 44,150 shares at $1.75 per share and 74,157 shares at $2. from company.

Offering—118,907 shares to be offered to public at $2.375 per share; remaining 984 shares registered constitute shares issued July 1, 1941, by company, as dividends.

Proceeds—Will be used to pay outstanding mortgage indebtedness ($200,000), and remaining $26,626 will be added to working capital

Registration Statement No. 2-4824 Form A-1 (8-27-41)

Amendment filed Feb. 11 to defer effective date.

TREASURE MOUNTAIN GOLD MINING CO.

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

Address—Denver, Colo.

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

Underwriting—None

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

Proceeds will be used for working capital.

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

Amendment filed Feb. 11 to defer effective date

TUNG GROVE DEVELOPMENT CO., INC.

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

Address—Ocala, Fla.

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

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

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

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

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

Registration Effective but apparently deficient at 4.45 p.m. E. S. War Time on Feb. 16, 1942. A hearing set before the SEC for March 3 postponed to March 31, 1942. Hearing at Ocala, Fla.

UNION ELECTRIC CO. OF MISSOURI

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

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

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

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

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

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

Union Electric Co. of Missouri, on Feb 9, 1942 filed an amendment to its registration statement, naming the underwriters, 141 in all, who will publicly offer the 2,695,000 shares (no par) common stock, all of which are owned by its parent company, The North American Co. The names of the underwriters, and the maximum number of shares of such common stock which each agreed to purchase were listed in the "Chronicle" of Feb. 26, 1942, page 846

Amendment filed March 2, 1942, to defer effective date

UNION LIGHT, HEAT AND POWER COMPANY

Union Light, Heat and Power Co. registered 25,000 shares $100 par common stock

Address—4th & Main St., Cincinnati Ohio

Business — Operating electric utility company

Underwriter — Columbia Gas & Electric Corp.

Offering—Stockholders will receive offer to subscribe to 25/94ths of one common share in units of 5/94ths of a share for each 5/94ths of a share held at $5.32 for each unit. On a share basis, stockholders may subscribe to 5 new shares for each share held at $100.016 per share Substantially all outstanding stock is held by Columbia Gas & Electric Corp.

Proceeds—To repay current debt and $2,835,000 first mortgage bonds held by parent and associated companies, and for construction costs

Registration Statement No. 2-4379. Form A-2. (3-30-40)

Amendments filed Nov. 25, Dec. 13, Dec. 31, 1941, Jan. 19, Feb. 7, and Feb. 26, 1942, to defer effective date

UNITED GAS CORPORATION

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

Address—2 Rector Street, New York City

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

Underwriters—None

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

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

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

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

Amendment filed March 10, 1942, to defer effective date

VIRGINIA PUBLIC SERVICE CO.

Virginia Public Service Co. filed a registration statement with the SEC for: $22,800,000 first mortgage 3½% bonds, due Dec. 1, 1971; $5,700,000 of 2%-3½% serial notes, due semi-annually June 1, 1944-Dec. 1, 1951, in varying amounts (from $320,000 to $390,000); 70,000 shares 5½% cumulative preferred stock, $100 par value; and 628,333 shares common stock, no par

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

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

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

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

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

Amendments to defer effective data filed Dec. 26, 1941, Jan. 10, Jan. 31, Feb. 19 and March 5, 1942

WEST INDIES SUGAR CORP.

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

Address—60 E. 42nd St., New York City

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

Underwriters will be named by amendment

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

Proceeds will be received by the selling stockholders

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

Amendment filed March 14, 1942, to defer effective date

Kelly Re-Opens

Daniel S. Kelly is engaging in a general securities business from offices at 2 Rector Street, New York City, under the firm name of Daniel S. Kelly Company. Mr. Kelly was formerly in business as Daniel S. Kelly Company.

Tankin, Fitzgerald Named To N. Y. Dealers Ass'n

T. Reid Tankin, R. H. Johnson & Co., and Vincent Fitzgerald, Fitzgerald & Co., have been elected members of the New York Security Dealers Association.

Wilbur Wittich To Be NY Mgr. For Wyeth Co.

Wilbur R. Wittich has become associated with Wyeth & Co., members of the Los Angeles Stock Exchange, as manager of their New York office at 40 Wall Street. Mr. Wittich began his career in Wall Street with Bodell & Co. in 1920. In 1926 he joined Bond & Goodwin, Inc. as a trader, becoming manager of their trading department in 1931, which post he has held for the past 11 years until joining Wyeth & Co. In 1940 Mr. Wittich was President of the Security Traders Association of New York.


Wilbur R. Wittich

Wyeth & Co. act as underwriters, participating distributors and dealers in railroad, public utility, industrial and municipal issues, specializing in securities of the Pacific Coast.

Edward T. Cook With Adams-Fastnow Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—Edward T. Cook, member of the Los Angeles Stock Exchange, has become associated with Adams-Fastnow Company, 650 South Spring Street, Los Angeles Exchange members. Mr. Cook was formerly President of Cook, Miller & Co.

To Form Roth & Co. In Allentown, Pa.

ALLENTOWN, PA.—As of April 1, the firm of Roth and Company will open offices at 818 Hamilton Street to engage in a securities business. Partners of the new organization will be Sydney Roth and Laura M. Beers, who was formerly a partner in the dissolved firm of Allen E. Beers and Company.

Satnick Is Ilsley Partner

Sol Satnick has become a partner in the firm of R. G. Ilsley & Co., 64 Wall Street, New York City, with Robert G. Ilsley.

Bowditch To Be V.-P. Of Empire Securities

CHICAGO, ILL.—Harvey R. Bowditch will become a vice-president of the Empire Securities Company, 164 West Jackson Boulevard, on April 1, and will also become affiliated with the investment branch of Marsh & McLennan, Inc. Mr. Bowditch for the past 14 years has been associated with Stone & Webster and Blodget.

Curb Seat Retirement Plan Completed

The New York Curb Exchange on March 24 arranged to purchase for retirement at $1,000 each four more memberships. When arrangements for the retirement of these seats are completed at the end of the posting period on March 31, the Exchange will have retired 50 memberships in accordance with the amendments to its Constitution adopted on July 29, 1941. The present market for seats is no bid, offered at $7,500.

Lovejoy To Be Partner In Foster, Marvin Co.

Donald M. Lovejoy, member of the New York Stock Exchange, will become a partner in the Stock Exchange firm of Foster, Marvin & Co., 120 Broadway, New York City, on April 1. Mr. Lovejoy was formerly a partner in McGregor, Irvine & Co., maintaining his headquarters in the firm's New York office.

Correction

In the "Financial Chronicle" of March 12 in reporting that James Averell Clarke had become a member of the firm of Dixon & Company, it was stated through an error that Mr. Dixon would make his headquarters in the firm's New York office. Mr. Dixon has always maintained, and is continuing to maintain, headquarters in the Philadelphia office. Mr. Clarke will be associated with the New York office.

The Possibilities Of Latin-American Bonds

(Continued from Page 1226)

needed for the American war effort. At the same time, the Brazilian Government is to receive increased lend-lease aid which will undoubtedly be utilized for the further development of military installations along the Brazilian northeastern coast. The two countries will collaborate to expand raw rubber production and iron production. The United States is providing the capital needed for the projects and, in addition, the Export-Import Bank has allotted $100,000,000 for mobilization of the varied productive resources of Brazil which can help the Allied cause. Of course a considerable amount of time must elapse before the effect of these agreements will be felt, but most certainly the prospects for the come-back of the Latin-American countries seems almost assured for the duration of the war and possibly for a long time after the war.

It is obvious that prices of Latin-American bonds have not yet begun to reflect the realities of the situation. They, therefore, offer tremendous speculative possibilities for investors and alert dealers will sense the selling opportunities thus made available to them.

STANY Revives Former Employment Comm.

Since a great many security houses are now, or will be in need of traders to replace men going into the service, the Security Traders Association of New York has revived its Employment Committee. This committee will advise the various exchanges and security dealers of its existence and members seeking changes are urged to register with Willis M. Summers, of Hoit, Rose & Troster, Chairman, Wilbur W. Wittich, or the Secretary. The activities of this committee will also include the negotiation for mergers of small firms. All activities are confidential.

Richard F. Abbe, of Van Tuyl & Abbe, has been appointed chairman of a committee to keep members in the service apprised of what is going on in the Street and keep them supplied with financial periodicals of interest to them. Any suggestions should be made to Mr. Abbe.

W. Thomas Hoyt, First Vice-President of the Association, has gone to Washington to work with the OPM for the duration and has been replaced by Joseph Janareli, of Freeman & Co., who was previously Second Vice-President. Richard Goodman, Secretary, has been called into the Army and has been replaced from the Board of Directors by Chester deWillers, of Schoonover, deWillers & Co.

Minn. Pr. & Lt. Looks Good

Securities of the Minnesota Power & Light Company offer interesting possibilities at this time, according to a memorandum just issued by Hixon, Stewart & King, 120 South La Salle Street, Chicago, Ill., members of the Chicago Stock Exchange. The recent decline in the preferred stocks of the company in view of present earnings figures and income account is not justified, the memorandum states, and at present levels the preferred stocks should show definite appreciation possibilities. Copies of the bulletin discussing the situation and giving comparative figures on earnings per share, pro forma earnings and taxes, income account, markets, etc., may be had from Hixon, Stewart & King upon request.

Indicted For "Bucketing"

Louis Nessel, a stock salesman, has been indicted in General Sessions of New York on charges of grand larceny and bucketing. He was released in $2,500 bail to await trial after pleading not guilty. Edgar Kenny, who operated a brokerage firm in New York City until the close of 1938, and Benjamin Rubin, described as an employe of the concern by the Assistant District Attorney, had previously been arraigned on the same charges. The firm had ceased business when it was being investigated by the office of the Attorney General.

Duryea Dissolving

As both William M. Duryea and George F. Rothschild, partners in the firm, are joining the armed forces, Duryea & Company, 65 Broadway, New York City will be dissolved as of March 31, 1942.

NSTA Convention To Be Streamliner

CLEVELAND, OHIO — The Cleveland Security Traders Association, hosts to the National Security Traders Association at their ninth annual convention to be held at the Hotel Statler, Cleveland, Aug. 26, 27 and 28, announce that plans are already under way for the convention.


Ed. E. Parsons, Jr.

In announcement by Ed. E. Parsons, Wm. J. Mericka & Co., President, the local Association stated:

"This first war-time convention will be more streamlined than its eight predecessors of comparatively opulent times.

"We feel sure you will concur in our belief that in these days a convention can be justified only if it earnestly concerns itself with business problems. Committee meetings, forums, discussions, therefore, will be emphasized.

"There, also, will be entertainment, of course, although our plans to date are conservative and flexible enough to conform to any conscription, rationing, or freezing orders which may be handed down between now and convention time.

"As hosts, we naturally are disappointed that the war effort will restrict our earlier ambitious ideas for your entertainment and perhaps keep us from putting our very best foot forward in behalf of our city and ourselves.

"But, one thing that war will not change is Cleveland hospitality. We are looking forward eagerly to greeting you in August."

Early registrations will be of great help to the committee. Registrations should be made with L. J. Schultz, L. J. Schultz & Co., 736 Union Commerce Building, Cleveland, Ohio.

Fuller, Cruttenden Moving

CHICAGO, ILL.—Fuller, Cruttenden & Co., members of the Chicago Stock Exchange, will move their offices from 120 South La Salle St., to the Rookery Building, 209 South La Salle St., on or about April 1, Walter W. Cruttenden announced today. There will be no change in business activities or personnel. The firm will continue to maintain wire services to New York, Buffalo, Pittsburgh, Columbus, Davenport, Ohama, Lincoln, Cleveland, Los Angeles, Minneapolis and St. Paul.

Deuell In Chicago

(Special to The Financial Chronicle)

CHICAGO, ILL.—Thomas L. G. Deuell has opened offices in the Board of Trade Building, to engage in a general securities business. Mr. Deuell was formerly with Clement, Curtis & Co. for many years.